

Charity Registration No. 1146896

Company Registration No. 08015625 (England and Wales)

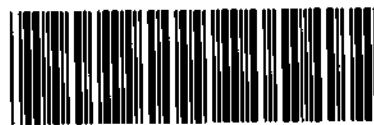
**THE DR HADWEN TRUST**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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**THE DR HADWEN TRUST  
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LEGAL AND ADMINISTRATIVE INFORMATION**

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**Trustees** C Byatt (Chairman)  
C Cunniffe (Deputy chair)  
N Barbosa  
A Ellison  
F Clark  
L J Sheridan (Appointed 17 November 2017)

**Secretary** Temple Secretarial Limited

**Charity number** 1146896

**Company number** 08015625

**Principal address** Portmill House  
Portmill Lane  
Hitchin  
Herts  
SG5 1DJ

**Registered office** Portmill House  
Portmill Lane  
Hitchin  
Herts  
SG5 1DJ

**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

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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

Russell Cooke  
2 Putney Hill  
London  
SW15 6AB

**Investment consultant**

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

**Legacy consultant**

Brian James  
Kettering

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

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**THE DR HADWEN TRUST  
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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2018**

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The trustees present their report and accounts for the year ended 31 March 2018.

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: fund and 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 always with the vision of making a major and practical contribution to advance medical science without harm to animals.

To do this, Animal Free Research UK supports and assists scientists to implement existing techniques and develop new ones which are more human-relevant and replace animal experiments to fight against human illness such as cancer, age-related diseases, brain tumours and chronic pain.

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.

#### **About Animal Free Research UK**

##### **Mission**

Our mission is to play a leading role in funding high-calibre, animal replacement research, to communicate this research and to advance and develop widespread support for this endeavour.

##### **Vision**

Our vision is a world where all animal experiments are no longer required and have been replaced by non-animal methods which are human-relevant.

##### **Values**

Our values are that excellence in biomedical research can, and should be, pursued without animal experiments because they are ethically unjustified and scientifically unsatisfactory

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**Our Strategic Aims**

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

1. Fund a growing programme of high-quality research that has an impact on replacing the animals used 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 the 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 and to promote this resource throughout the scientific and animal welfare communities.
6. Engage with the Home Office and other organisations 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.

There are three main areas of activity which enable us to put the strategy in to action:

- Fundraising
- Awarding a diverse range of grants to research scientists
- Education and advocacy

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**Fundraising**

A five-year organisational strategy was developed in 2015, and to sit alongside this a fundraising strategy was developed in 2016 with the aim to increase and diversify our income streams. During 2017-18, at the mid-point of the strategy, we undertook an evaluation of fundraising performance to date which identified key areas of concern and opportunities to increase our return on investment. In an uncertain economic climate, it is right that the fundraising strategy is regularly reviewed and adjusted to meet ever-changing circumstances, and work will be undertaken to refresh the strategy in 2018-19.

Retail Shops

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. This was communicated to supporters in March 2018 and the Hove shop closed later that month; the Hitchin shop is due to close in June 2018.

Get Your Frock On

Following the success of our 2016 strategic partnership with Brain Tumour Research, in 2017 we formed an alliance with Breast Cancer UK to jointly fund a new research project into breast cancer at University of Leeds. We developed a fresh new joint campaign concept entitled 'Get Your Frock On', which aimed to mobilise current supporters in their communities to get dressed up to raise awareness of and funds for animal free cancer research. The launch of a jointly branded microsite provided resources and advice for supporters and aimed to streamline online donations. In total, the campaign successfully achieved the equivalent of the first year's funding, and in 2018-19, we will continue to work with Breast Cancer UK to fund and launch the research project.

CRM

As part of the fundraising review, the Trustees approved investment in a scalable new cloud-based CRM system to help grow the charity's supporter base and diversify income; implementation work will complete in 2018-19.

Rebranding and name change update

At the beginning of the previous financial year, after consultation with grant-holders, supporters, staff and volunteers, we unveiled our new name and brand, 'Animal Free Research UK' to make it easier for stakeholders to understand the charity – and received overwhelming support from our diverse audiences. During this financial year, we undertook the next phase in brand development by creating a new digital proposition to match our external positioning. A new website was launched in April 2017 with the aim of driving an increase in supporters and income; this is a longer-term investment, and during the year we made a positive start to developing this channel as an income stream.



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**Grant-making**

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

Animal Free Research UK is a founding member of the Alliance for Human Relevant Science, a partnership between business, academia and non-governmental organisations with the aim to save lives – human and animal – through improved safety and efficacy testing of medicines and other chemicals.

The charity's key research objectives are:

- To build and support the talent pool in animal replacement research of the highest quality across the UK
- To encourage scientific rigour, innovation and dialogue so that we fund high impact animal replacement science which is widely discussed and understood
- To ensure that research benefits have significance to the UK biosciences sector and reduce the number of animals used in UK laboratories by developing replacements.

Awards are provided for pilot studies and project grants in universities, medical schools/teaching hospitals and research institutes within the UK. Grants are made in support of the research project including salaries, minor equipment and consumables costs. The charity does not directly employ staff on grants awarded for research projects.

Research that involves the 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 peer reviewed through its Grants Committee process.

***Grants awarded in 2017-18***

As an incubator for new ideas and innovation in animal free science, the charity funds fundamental biomedical research to improve our understanding of human disease and to prove that animals don't need to be used in medical research. This year saw the second year of one of our most ambitious research projects yet – the Animal Replacement Centre of Excellence. We also awarded grants to two new research projects and continued to fund our summer students programme for early careers researchers. In total we spent £417,523 on replacing animals in medical research. Our grant holders published six papers disseminating their ongoing research.

**Animal Replacement Centre of Excellence**

Now in its second year, the Animal Replacement Centre of Excellence (The ARC) is funded by the charity via a five-year strategic grant of £1,000,000. This is a joint venture between the Blizard Institute, Queen Mary University of London (QMUL) and Animal Free Research UK and is dedicated to the fight against skin, breast and prostate cancer. Professor Mike Philpott and Dr Adrian Biddle are creating a unique centre of excellence. Using cutting edge scientific research, The ARC is working to accelerate the development of human models for human disease and helping to reduce the number of animals currently used in cancer research.

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The ARC is further developing the most robust and applicable non-animal research methods for human cancer, addressing the limitations of both poorly performing cell-based approaches and use of animals. We believe that the traditional dependence on mice, in particular, has slowed progress in cancer research, and can provide misleading data. There is therefore a pressing need for human-focussed non-animal technologies that have demonstrable relevance to human cancer – The ARC is working to address this issue directly.

*Brain tumour research at University of Portsmouth*

Following our successful fundraising efforts in 2016-17, Animal Free Research UK was able to confirm a grant of £180,000 over three years to fund a postdoctoral research project in Professor Geoff Pilkington's ground-breaking research team into the blood-brain barrier, as part of our collaboration with Brain Tumour Research.

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, which are used in the treatment of cancer and other diseases, inaccessible to the brain. Using their well-characterised, in vitro blood-brain barrier model – which is the first fully human relevant model of its kind – the expert team at Portsmouth University will now evaluate how small particulate 'nano' systems can be successfully used to deliver effective drugs at appropriate therapeutic concentrations into the brain to treat neurological diseases.

*Systematic review of brain tumour research at University of Portsmouth*

Animal Free Research UK awarded £71,074 over 2 years to Dr Karen Pilkington of the University of Portsmouth to fund a post-doctoral researcher to assess whether current human in vitro methods can be used to replace animal experiments in brain tumour research. The results of their work will also provide the basis to evidence whether human in vitro methods can be used to replace animal research in other disease areas.

*Summer student programme*

Our summer student programme has this year continued to provide undergraduate science students with practical animal-replacement research experience. We believe it is important to open the eyes of young scientists, right at the beginning of their careers, to possibilities outside of the conventionally taught options. The quotes below lend credence to this belief. This year we funded the following projects:

- £1940 to University of Sheffield - developing a cell culture model of osteoarthritis to help replace experiments on guinea pigs, rats and rabbits.
- £1940 to University of Glasgow - conducting human-relevant research into leukaemia using human stem cells and without harming mice.
- £1940 to Nottingham Trent University - using advanced cell culture and proteomics (the study of the proteins of a cell) to help replace the use of primates, rats or mice in Parkinson's disease research.
- £1940 to University of Hertfordshire - using human cell culture to develop novel testing methods in lung disease studies to help replace experiments on animals.
- £1940 to University of Dundee - using Thiel-embalmed cadavers to develop a 'clot model' to train doctors in treating stroke and heart diseases without using pigs.
- £1940 to Queen Mary University London – developing a skin cell culture model to better understand skin cancer without conducting experiments on mice.
- £1940 to Sheffield Hallam University - using a novel gut tissue model to investigate the influence of bacteria in gastrointestinal diseases such as Crohn's disease to help replace experiments on rats.
- £1,457.50 to University of Hertfordshire - developing a computer model of toxicology tests to help replace experiments currently conducted on primates and mice.
- £1940 to Sheffield Hallam University - building an adipose-rich tumour microenvironment model to study fat-cancer cross-talk in order to understand colorectal cancer without using mice.

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- £1940 to University of Edinburgh - using one of the latest cutting edge, gene editing technologies, CRISPR-Cas9, in cell culture to further our understanding of schizophrenia without using mice.
- £1940 to University of East Anglia - investigating the causes of atopic dermatitis and psoriasis using explant cell culture to help replace experiments on mice.
- £1940 to Queen Mary University of London – working with patient cancer samples to identify biomarkers in skin cancer (melanoma) to help replace the use of mice.
- £1940 to University of Hertfordshire - developing novel biomaterials from pasta to create 3D cell culture models to help replace the use of animals in vascular disease and cancer research.
- £1,757 to Imperial College London – conducting a computational modelling project looking at the development of pressure ulcers and soft tissue damage to help replace the use of mice and rats.
- £1937 to University of Portsmouth - developing a non-animal-based screening tool to detect cancer biomarkers to help replace the use of many animals in prostate cancer research and testing.

*Impact of our 2017 summer student programme:*

*"I really enjoyed gaining such an in-depth insight into the world of cancer research, and in particular animal-free research. I've learnt a lot about the reasoning behind different steps in methods for studying cancer tumours, which will be very useful for interpreting results from research papers in the future when working as a doctor, and given me hands-on laboratory experience which will be immensely helpful as I plan to combine research with my career in medicine. The studentship has also enabled me to learn about ways to replace the use of animals in research, and reasons why results from research carried out in animals are often not directly applicable to human disease." - Student at Queen Mary University of London*

*"Throughout this project I feel as though I developed my research and analytical skills substantially. I have also thoroughly enjoyed the experience and this has confirmed that research in science is definitely my choice of career. I was surprised at how well I picked up non-animal cell culture and adapted to the new, unfamiliar environment and this is now a transferable skill I can use to my advantage when applying for jobs in the future." – Student at Sheffield Hallam University*

### **Education and advocacy**

The charity supports and encourages the development, communication and adoption of animal replacement techniques via engagement with the research community and policy makers. In 2017-18, we provided training for new inspectors at the Home Office's Animals in Science Regulation Unit, gave scientific presentations at a range of conferences and meetings, and continued our leading 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.

### **Achievements and performance**

#### **Chair of Trustees Statement**

As we move closer to the charity's 50th anniversary in 2020, the Trustees have this year considered how we can best approach our next half century with the foundations for success ready in place. With the pace of scientific change and technological sophistication rapidly increasing, we have a real and inspiring opportunity to realise our vision of a world where the use of animals in medical research has been replaced by non-animal methods which are human-relevant.

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Creating the future today

With this reality tantalizingly on our horizon, it has been a good time to take stock; resultingly, the last financial year has been one of consolidation and investment in the future of Animal Free Research UK.

The Trustees have taken the decision to move away from our previous Co-CEO senior management team model to recruit a CEO who will bring renewed leadership and strategic direction to the charity and our staff team. Due to start in the new financial year, our CEO will pave the way for a strategic review of the charity with a bold new vision for achieving our mission during the course of the next 50 years.

Investing in change

We have added two new research projects at the University of Portsmouth to our grants portfolio and have continued to invest in early careers researchers through our summer students programme.

Building on our rebrand in the last financial year, our objective to diversify our income streams, and mindful of forthcoming change in data protection regulations, the Trustees have invested in a new cloud-based CRM to modernise our data management, fundraising and supporter care. We have launched a new website to capitalise on our strong new brand, and whilst there is more work to be done on our journey of digital transformation, the Trustees are confident we have made a strong start for our new CEO to build on.

We have continued to forge new strategic partnerships, this year with Breast Cancer UK to fund innovative research into breast cancer prevention at the University of Leeds. A fresh new fundraising campaign for the project was an opportunity to test digital fundraising, with many lessons learnt to take forward.

The Trustees also took the difficult decision to close our two retail shops in Hitchin and Hove following an independent review which found that they were not projected to increase income or awareness to the extent initially forecasted. Sadly, both shops were operating at an unsustainable loss. With countless animals used in medical research every year, the Trustees are committed to spending charitable donations in the areas where they are most needed and where the charity can have the most impact. The Hove shop closed in March 2018, with the Hitchin shop due to close in the next financial year.

For animals, for families

As we look towards the new financial year, as a former clinician I am struck that at the 70th anniversary of the NHS, it is clear the UK needs a new strategy for medical research. With an aging population and more families caring for loved ones with debilitating diseases, the need for technology to solve the healthcare problems of the 21st century is greater than ever. The need for the cutting-edge research carried out by the brilliant scientists we fund is more urgent than ever.

So, I would like to thank every one of our amazing researchers, supporters, volunteers, partners, stakeholders, staff members and my fellow Trustees – for thinking big, for being bold, and for finding solutions. Together, we are already creating a future where there are effective treatments for our loved ones which have been discovered without causing a single animal pain or suffering. Together, we can make that future today.

With grateful thanks

Dr Kit Byatt

Chair of Trustees

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**Financial review  
Investment Policy**

The charity invests its funds with institutions which are neither directly involved nor 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 2018 of £1,143,281 (2017: £737,196), and free reserves of £1,142,388 (2017: £679,519). 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 (£150,000) 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 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, and intend to spend down free reserves in the following years in order to invest in further growth to ensure the charity is sustainable in the future and in a new strategy for achieving its mission.

**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.

**Fundraising Standards**

Animal Free Research UK uses a range of fundraising activities to raise vital funds towards our mission of replacing the use of animals in medical research with humane and human-relevant techniques.

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

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Working with Third Party Fundraisers

We have never engaged the use of telephone fundraising techniques or used the services of external agencies to help deliver face-to-face fundraising. As we look to grow our charity, however, our Trustees and senior management team are considering whether now is the time to help our fundraising efforts by engaging external agencies. Any who are engaged on our behalf would be required to do so in a respectful manner and in accordance with our standards and sector regulation such as the Fundraising Code of Practice. Performance management and monitoring of such agencies would be at the heart of our relationship with them. Quality assurance would include regular reviews of complaints and other feedback, as well as regular audits, mystery shopping and shadowing of 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

Whilst our fundraising activities over the past years has involved minimal face-to-face fundraising (and no telephone fundraising), we are still 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 2017 we received 1 complaint related to our fundraising activities. While this figure is below sector averages as a proportion of our activity, we are committed to studying any expression of dissatisfaction and identifying ways to improve. Our team looks into each and every case, and we do all we can to resolve complaints and ensure supporters are happy with our work.

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**Meeting our 2017-18 objectives**

Between April 2017 and March 2018, we continued to focus on our strategic areas of activity – grant-making, education and advocacy, and fundraising – by investing in research and education, growth and in the future of the charity.

**Investing in research and education (grant-making, education and advocacy)**

- **Producing a new Science Strategy and outcomes framework.**

Achieved: An interim science strategy and budget was agreed to launch in April 2018.

- **Creating new project hub framework for each research project to disseminate our research to both the scientific and lay communities.**

Partly achieved: A plan was developed, budget agreed and external suppliers identified to create engaging new content for our research projects in 2018-19.

- **Developing a new educational proposition for early career scientists.**

Achieved: A new summer school event was developed to add value to our existing undergraduate summer student programme, with budget secured for roll out in 2018-19.

- **Expanding our reach within the science community through a programme of targeted educational events.**

Partly achieved: delivered training, presentations and sponsorship at a range of educational events including training Home Office inspectors.

**Investing in growth (fundraising)**

- **Monitoring and evaluating our retail strategy with recommendations for future retail opportunities.**

Achieved: An independent review was commissioned which informed the Trustees' decision to close the two retail charity shops.

- **Developing a themed communications and marketing strategy with a focus on the digital channel and generating new supporters.**

Partly achieved: a range of new digital marketing and fundraising products tested including Facebook Giving.

- **Rolling out a new Customer Relationship Management (CRM) system to better understand and report on our current income streams and to provide a better experience for our supporters.**

Partly achieved: investment agreed, CRM identified, expert staff recruited, project underway and due to complete in 2018-19.

- **Developing new fundraising products that link to our core purpose and inspire new supporter loyalty.**

Partly achieved: innovative fundraising campaign – Get Your Frock On – developed for breast cancer research project with some success and valuable learnings to be taken forward; new community fundraising products developed to test in 2018-19.

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**Investing in our future**

- **Recruiting a new Chief Executive and Science Director.**

Achieved: New CEO to join the charity in April 2018 and recruitment for new Science Director underway.

- **Re-energising our current strategy so it becomes a working document at the heart of what we do.**

Deferred: The Trustees agreed to postpone this activity in line with recruitment of the new CEO.

- **Streamline current finance processes to ensure they complement operational requirements and support strategic decision making.**

Partly achieved: Data Administrator post created to support finance team, CRM implementation project and streamline financial processes.

- **Launching an online HR system, staff charter and internal engagement plan with a view to putting staff wellbeing at the core of the charity.**

Partly achieved: A number of staff team away days held, and staff charter in development; budget secured for employee assistance programme to be implemented in 2018-19.

**Future of the charity**

Over the next 12 months we will welcome a new Chief Executive and Science Director to the charity, develop a new organisational strategy with a bold vision, and consolidate on the progress we have made this financial year. We will abide by the Code of Fundraising Practice and ensure that we are compliant with the new General Data Protection Regulation. 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**

- Deliver a summer school to early careers scientists as part of our existing summer student programme
- Redesign our grant application process to reach more researchers
- Review our processes for grant holder reporting to ensure maximum value for the charity
- Create a new scientific advisory group formed of expert researchers to guide our strategy and identify opportunities and challenges
- 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
- Develop a new call for grants
- Scope out the establishment of a network for animal free researchers



**THE DR HADWEN TRUST  
(TRADING AS ANIMAL FREE RESEARCH UK, 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 2018**

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**2. Investing in growth**

- Successfully deliver our new CRM project to completion and harness its functionality to inform fundraising and marketing planning and implementation.
- Launch, test and optimise new community fundraising products to inspire fundraising and loyalty amongst our supporter base
- Build on our strong new brand by developing tone of voice guidelines to ensure a consistent experience across our diverse audiences
- 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
- Continue to develop digital fundraising and marketing to maximise on opportunity with this channel
- Increase our income from trusts and foundations by devising tailored applications with a range of propositions

**3. Investing in our future**

- Develop 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 innovation and success in the staff team through training, collaboration and stretch targets
- Ensure our team has the tools they need for success by upgrading our IT server to a cloud-based system
- Develop a new staff handbook which sets out the conditions to reward success with increased flexible working
- Invest in the well-being of our staff through the introduction of an Employee Assistance Programme

**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 (Chairman)	
I Gladstone IDA Rep	(Resigned 6 June 2017)
C Cunniffe (Deputy chair)	
N Barbosa	
S Luther	(Resigned 10 March 2018)
A Ellison	
C Stafford	(Resigned 15 July 2017)
F Clark	
L J Sheridan	(Appointed 17 November 2017)

**THE DR HADWEN TRUST  
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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND  
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**FOR THE YEAR ENDED 31 MARCH 2018**

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Our team also include our key management personnel:

Finance Director: Janet Wheatley

Science Director: Dr Brett Cochrane (Resigned July 2017)

Interim Development Director: Emma Wrafter (Resigned March 2018)

### **Governing document**

Dr Hadwen Trust is a company limited by guarantee and the governing document is its Articles of Association. In April 2017, the charity took the working name of 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.

With the exception of one legacy (a bequest by Alan Stross) which could not be transferred due to legal restrictions, and a residual intended amount of £10, the transfer took place as intended. A resolution to the original issue surrounding the Stross legacy has since been found and the Dr Hadwen Trust is now the sole corporate Trustee of the Alan and Kathie Stross Fellowships charity (1146896-1). During the 2016 financial year both the Dr Hadwen Trust for Humane Research Trust and the Alan and Kathie Stross Fellowships charities became linked to the Dr Hadwen Trust).

### **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 nine 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. The charity currently has one Trustee (the current Chair) with over five years standing who has an excellent working knowledge and experience of the responsibilities of Trustees.

### **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 14 to the accounts. The board, which can have up to nine 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.

**THE DR HADWEN TRUST  
(TRADING AS ANIMAL FREE RESEARCH UK, A COMPANY LIMITED BY  
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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND  
STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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**Organisation**

Animal Free Research UK operates on a day-to-day basis with a team of 11 full and part-time personnel who work under the direction of the three-strong Senior Management Team (SMT). In addition, there were four charity shop staff positions which were managed by the Finance and Retail Manager. The SMT form the executive team that report directly to the Trustees. The day-to-day management of the charitable company is delegated to the SMT by the Trustees. The SMT hold positions of equal responsibility and share the CEO role between them, as well as day to day performance management. Going forward, the Trustees have made the decision to recruit a CEO to lead the charity.

The Trustees gratefully acknowledge the generous support of volunteers who freely gave their time to assist Animal Free Research UK, particularly in the operation of the retail charity shops, and of donors 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 the senior staff is reviewed annually by the Remuneration Committee which takes into account retention of the best 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 are satisfied that systems are in place to mitigate exposure to the major risks, and to manage the impact of any risks to which the charity is exposed. We have a comprehensive risk register which is robustly reviewed monthly by the SMT and changes and risks shared with the Trustee board.

This work has identified that financial sustainability, staff retention at senior level and the retail charity shops are the major financial risks for the charity. The Trustees are recruiting a new Chief Executive to provide strong leadership for the charity and to drive income generation in line with the current fundraising strategy; this will be a departure from the former Co- CEO structure. Following an independent review, the Trustees also decided to wind down the retail charity shops which were not realising the financial and promotional potential that was originally forecasted.

**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.

**THE DR HADWEN TRUST  
(TRADING AS ANIMAL FREE RESEARCH UK, 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 2018**

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.....  
C Byatt (Chairman)  
Trustee  
Dated: 1 Dec 17

  
.....  
C Cunniffe (Deputy chair)  
Trustee  
Dated: 1.12.18

**THE DR HADWEN TRUST  
(TRADING AS ANIMAL FREE RESEARCH UK, A COMPANY LIMITED BY  
GUARANTEE AND NOT HAVING SHARE CAPITAL)  
STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 MARCH 2018**

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The trustees, who are also the directors of The Dr Hadwen Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the 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 financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in 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 financial statements comply with the Companies Act 2006. 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 DR HADWEN TRUST  
(TRADING AS ANIMAL FREE RESEARCH UK, A COMPANY LIMITED BY  
GUARANTEE AND NOT HAVING SHARE CAPITAL)  
INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF THE DR HADWEN TRUST**

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**Opinion**

We have audited the financial statements of The Dr Hadwen Trust (the 'charity') for the year ended 31 March 2018 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 2018 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 accounts 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.

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

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**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 auditors 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.

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

19/12/18  
.....

**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

**THE DR HADWEN TRUST**  
**(TRADING AS ANIMAL FREE RESEARCH UK, 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 2018**

	Notes	Unrestricted funds general £	Unrestricted funds designated £	Restricted funds £	Total 2018 £	Total 2017 £
<b><u>Income and endowments from:</u></b>						
Donations	3	304,912	-	71,220	376,132	388,261
Legacies	3	970,289	-	-	970,289	571,744
Trading income	4	87,314	-	-	87,314	64,142
Investments	5	9,108	-	-	9,108	9,858
Other income	6	1,140	-	-	1,140	81,692
<b>Total income</b>		<b>1,372,763</b>	<b>-</b>	<b>71,220</b>	<b>1,443,983</b>	<b>1,115,697</b>
<b><u>Expenditure on:</u></b>						
Charitable activities	7	392,762	417,524	30,000	840,286	920,803
<i>Cost of raising funds</i>						
Trading activities	14	275,730	-	-	275,730	158,393
Legacy consultant fees		-	-	-	-	9,000
Legal and professional fees		-	-	-	-	3,268
<b>Total resources expended</b>		<b>668,492</b>	<b>417,524</b>	<b>30,000</b>	<b>1,116,016</b>	<b>1,091,464</b>
Net (losses)/gains on investments	13	-	-	-	-	(1,691)
<b>Net incoming resources before transfers</b>		<b>704,271</b>	<b>(417,524)</b>	<b>41,220</b>	<b>327,967</b>	<b>22,542</b>
Net transfers between funds		(298,186)	401,525	(103,339)	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>406,085</b>	<b>(15,999)</b>	<b>(62,119)</b>	<b>327,967</b>	<b>22,542</b>
Fund balances at 1 April 2017		737,196	1,439,788	229,922	2,406,906	2,384,364
<b>Fund balances at 31 March 2018</b>		<b>1,143,281</b>	<b>1,423,789</b>	<b>167,803</b>	<b>2,734,873</b>	<b>2,406,906</b>

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.




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


**AS AT 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	16		893		57,676
Investment properties	17		30,000		30,000
Investments	19		1		1
			<u>30,894</u>		<u>87,677</u>
<b>Current assets</b>					
Debtors	20	630,213		580,456	
Cash at bank and in hand		2,346,077		1,883,070	
		<u>2,976,290</u>		<u>2,463,526</u>	
<b>Creditors: amounts falling due within one year</b>	21	<u>(272,311)</u>		<u>(144,297)</u>	
Net current assets			2,703,979		2,319,229
<b>Total assets less current liabilities</b>			<u>2,734,873</u>		<u>2,406,906</u>
<b>Income funds</b>					
Restricted funds			167,803		229,922
Unrestricted funds - designated			1,423,789		1,439,788
Unrestricted funds - general			1,143,281		737,196
			<u>2,734,873</u>		<u>2,406,906</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 1.12.18

  
C Byatt (Chairman)  
Trustee

  
C Cunniffe (Deputy chair)  
Trustee

Company Registration No. 08015625

**THE DR HADWEN TRUST**  
**(TRADING AS ANIMAL FREE RESEARCH UK, A COMPANY LIMITED BY**  
**GUARANTEE AND NOT HAVING SHARE CAPITAL)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		443,509		244,718
<b>Investing activities</b>					
Purchase of tangible fixed assets		(830)		(38,795)	
Proceeds on disposal of tangible fixed assets		11,220		7,309	
Interest received		9,108		9,858	
<b>Net cash generated from/(used in) investing activities</b>			19,498		(21,628)
<b>Financing activities</b>					
Payment of obligations under finance leases		-		(2,149)	
<b>Net cash used in financing activities</b>			-		(2,149)
<b>Net increase in cash and cash equivalents</b>			463,007		220,941
Cash and cash equivalents at beginning of year			1,883,070		1,662,129
<b>Cash and cash equivalents at end of year</b>			<u>2,346,077</u>		<u>1,883,070</u>

**THE DR HADWEN TRUST  
(TRADING AS ANIMAL FREE RESEARCH UK, A COMPANY LIMITED BY  
GUARANTEE AND NOT HAVING SHARE CAPITAL)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1 Accounting policies**

**Company information**

The Dr Hadwen Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Portmill House, Portmill Lane, Hitchin, Herts, SG5 1DJ.

**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.

Trading income is recognised on receipt. Daily till takings are recognised when banked from the charity shop. The shop regularly receives donated goods from members of the public which are sold at the charity's shop, the proceeds of which are donated to the charity by the donor. As such stock held in the shop is not recorded as the charity's property as it does not belong to the charity.

The trustees consider that any purchased goods for sale in the shop and held at the balance sheet date would have a negligible value.

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

**FOR THE YEAR ENDED 31 MARCH 2018**

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**1 Accounting policies**

**(Continued)**

**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 The Dr Hadwen Trust retains the title to any fixed assets purchased under research grants, the net realisable value of such equipment is practically £nil.

**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).

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

**FOR THE YEAR ENDED 31 MARCH 2018**

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**1 Accounting policies**

**(Continued)**

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.

**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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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**1 Accounting policies**

**(Continued)**

***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.

***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.

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**1 Accounting policies**

**(Continued)**

**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 Trust can make grants to other charitable bodies and organisations whose object or objects are similar to the objects of the Trust. 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 trust 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.

**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 20 to these accounts

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**3 Donations and legacies**

	Unrestricted funds general £	Restricted funds £	Total 2018 £	Total 2017 £
Donations and gifts	304,912	71,220	376,132	388,261
Legacies receivable	970,289	-	970,289	571,744
	<u>1,275,201</u>	<u>71,220</u>	<u>1,346,421</u>	<u>960,005</u>
<b>For the year ended 31 March 2017</b>	<u><u>867,380</u></u>	<u><u>92,625</u></u>		<u><u>960,005</u></u>

**4 Trading income**

	2018 £	2017 £
Shop and website income	<u>87,314</u>	<u>64,142</u>

**5 Investments**

	2018 £	2017 £
Investment income	505	296
Interest receivable	8,603	9,562
	<u>9,108</u>	<u>9,858</u>

**6 Other income**

	Unrestricted funds general £	Restricted funds £	Total 2018 £	Total 2017 £
Organisation grants	1,140	-	1,140	81,692
<b>For the year ended 31 March 2017</b>	<u><u>53,692</u></u>	<u><u>28,000</u></u>		<u><u>81,692</u></u>



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**FOR THE YEAR ENDED 31 MARCH 2018**

**7 Charitable activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Staff costs	48,063	80,492
Grant funding of activities (see note 8)	417,524	446,767
Share of support costs (see note 9)	346,773	370,428
Share of governance costs (see note 9)	27,926	23,116
	<u>840,286</u>	<u>920,803</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	392,762	
Unrestricted funds - designated	417,524	
Restricted funds	30,000	
	<u>840,286</u>	
<b>For the year ended 31 March 2017</b>		
Unrestricted funds - general		474,036
Unrestricted funds - designated		446,767
		<u>920,803</u>

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**FOR THE YEAR ENDED 31 MARCH 2018**

**8 Grants payable - allocated to designated funds**

	Balance as at 1 April 2017 £	Awarded £	Expenditure £	Transfers between funds £	Balance as at 31 March 2018 £
<b>Aston University</b>					
MEG imaging scanner	42,000	-	-	-	42,000
<b>University of Birmingham</b>					
Development of a 3D model for skin and gum penetration in soft tissue	-	8,090	(4,045)	-	4,045
<b>Univeristy of Glasgow</b>					
Validation of iPSCs as a pre-clinical drug screen for leukaemia	33,668	-	(16,848)	-	16,820
<b>Glasgow Caledonian University</b>					
Developing the GCU research tissue bank for diabetes research	33,281	-	(34,249)	968	-
<b>University of Leeds</b>					
Multivalent non-antibody quantum dot probes	89,680	45,000	(59,384)	-	75,296
<b>The University of Nottingham</b>					
Imaging of intrarenal haemodynamics in chronic kidney disease	33,993	17,509	(35,022)	-	16,480
<b>The University of Nottingham</b>					
Epithelial cell models for drug transport and toxicology studies	14,621	-	-	-	14,621
<b>Plymouth University</b>					
Identification of common therapeutic targets in Schwannomas and Meningiomas	-	17,740	-	-	17,740
<b>Queen Mary University of London</b>					
Analysis of synthetic wound healing microenvironments	18,005	-	(14,006)	-	3,999
<b>University of Exeter</b>					
Determinants of beta cell differentiation status in type 2 diabetes	37,547	-	(23,303)	-	14,244
<b>Queen's University Belfast</b>					
Mas related gene receptors as novel molecules for pain relief	65,499	-	(21,676)	-	43,823
<b>University of Dundee - Strategic</b>					
Theil cadavers in image guided treatment testing and training	267,120	-	(41,692)	-	225,428
<b>Queen Mary University of London additional funding</b>					
Animal Replacement Science - Centre of Excellence	330,000	-	-	-	330,000
<b>Queen Mary University of London</b>					
Animal Replacement Science - Centre of Excellence	473,379	178,440	(129,236)	-	522,583
<b>Summer studentships 2017/18</b>	995	29,386	(24,105)	(2,941)	3,335
<b>Karen Pilkington - Bioinformatics</b>	-	72,000	(3,936)	-	68,064

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**FOR THE YEAR ENDED 31 MARCH 2018**

**8 Grants payable - allocated to designated funds**

**(Continued)**

	Balance as at 1 April 2017	Awarded	Expenditure	Transfers between funds	Balance as at 31 March 2018
FCS Free Media Database	-	10,000	(10,021)	21	-
Summer studentships 2018/19	-	-	-	25,311	25,311
	<u>1,439,788</u>	<u>378,165</u>	<u>(417,523)</u>	<u>23,359</u>	<u>1,423,789</u>

**9 Analysis of governance and support costs**

	Support costs	Governance costs	2018	2017
	£	£	£	£
Staff costs	205,180	-	205,180	213,901
Depreciation	1,098	-	1,098	14,022
Loss on disposal of fixed assets	11,221	-	11,221	-
Print, postage and stationery	25,665	-	25,665	24,716
Light and heat	2,632	-	2,632	2,592
Rent and rates	29,599	-	29,599	26,346
Repairs and maintenance	2,291	-	2,291	3,446
Sundry expenses	10,540	-	10,540	7,376
Telephone	1,720	-	1,720	1,672
Travel expenses	2,267	-	2,267	4,869
Insurance	2,611	-	2,611	2,393
Bank and other charges	5,125	-	5,125	5,476
Hire purchase interest	-	-	-	339
Computer costs	20,910	-	20,910	23,443
Irrecoverable VAT	12,188	-	12,188	10,744
Advertising and marketing	13,726	-	13,726	29,093
Audit fees	-	8,500	8,500	8,500
Accountancy	-	2,490	2,490	8,212
Legal and professional	-	16,936	16,936	6,404
	<u>346,773</u>	<u>27,926</u>	<u>374,699</u>	<u>393,544</u>
Analysed between Charitable activities	<u>346,773</u>	<u>27,926</u>	<u>374,699</u>	<u>393,544</u>

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**10 Trustees**

None of the trustees (nor any persons connected with them) received any remuneration during the year. All trustees were reimbursed expenses totalling £5,134 (2017: £3,629) during the year for travel and subsistence in connection with their duties as trustees.

**11 Auditors' remuneration**

The analysis of auditor's remuneration is as follows:

	2018	2017
Audit-related assurance services	8,500	8,500
Taxation compliance services	750	750
Other taxation services	-	963
All other non-audit services	1,740	4,899
	<u>10,990</u>	<u>15,112</u>

**12 Employees**

**Number of employees**

The average monthly number employees during the year was:

	2018 Number	2017 Number
Science and education	1	2
Operations	4	5
Management and finance	4	4
Shop staff	4	2
	<u>13</u>	<u>13</u>

**Employment costs**

	2018 £	2017 £
Wages and salaries	264,710	342,518
Social security costs	30,349	33,184
Other pension costs	9,532	5,031
Recruitment, training and HR costs	49,477	11,032
	<u>354,068</u>	<u>391,765</u>

Staff are able to claim reimbursement of expenditure incurred by them in the course of undertaking duties on behalf of the Dr Hadwen Trust. 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.

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**13 Net gains/(losses) on investments**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Revaluation of investment properties	-	(1,691)
	<u>          </u>	<u>          </u>

**14 Trading activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Shop expenses</b>		
Shop staff costs	100,825	97,372
Depreciation on shop assets	45,294	4,595
Shop running expenses	129,611	56,426
	<u>          </u>	<u>          </u>
	<u>275,730</u>	<u>158,393</u>

**15 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 £188,416 (2017: £94,521), as such the charity has taxable losses arising of £230,436 (2017: £94,521) available for carry forward against future trading profits.

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**FOR THE YEAR ENDED 31 MARCH 2018**

**16 Tangible fixed assets**

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2017	30,320	53,804	84,124
Additions	830	-	830
Disposals	(14,485)	-	(14,485)
At 31 March 2018	<u>16,665</u>	<u>53,804</u>	<u>70,469</u>
<b>Depreciation and impairment</b>			
At 1 April 2017	17,939	8,510	26,449
Depreciation charged in the year	1,098	45,294	46,392
Eliminated in respect of disposals	(3,265)	-	(3,265)
At 31 March 2018	<u>15,772</u>	<u>53,804</u>	<u>69,576</u>
<b>Carrying amount</b>			
At 31 March 2018	<u>893</u>	<u>-</u>	<u>893</u>
At 31 March 2017	<u>12,381</u>	<u>45,295</u>	<u>57,676</u>

**17 Investment property**

	2018 £
<b>Fair value</b>	
At 1 April 2017 and 31 March 2018	<u>30,000</u>

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.

**18 Financial instruments**

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>613,779</u>	<u>562,683</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>162,907</u>	<u>28,956</u>

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**FOR THE YEAR ENDED 31 MARCH 2018**

**19 Fixed asset investments**

		<b>Other investments</b>	
<b>Cost or valuation</b>			
At 1 April 2016 & 31 March 2017			1
			<hr/>
<b>Carrying amount</b>			
At 31 March 2018			1
			<hr/>
At 31 March 2017			1
			<hr/> <hr/>
Other investments comprise:	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
Investments in subsidiaries	26	1	1
		<hr/>	<hr/>

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.

**20 Debtors**

	<b>2018 £</b>	<b>2017 £</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	-	321
Gift aid debtor	12,653	15,713
Other debtors	601,126	546,649
Prepayments and accrued income	16,434	17,773
	<hr/>	<hr/>
	630,213	580,456
	<hr/> <hr/>	<hr/> <hr/>

**21 Creditors: amounts falling due within one year**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
Other taxation and social security		5,533	5,316
Grant accruals	22	103,871	110,025
Trade creditors		130,923	14,643
Other creditors		19,534	1,367
Accruals		12,450	12,946
		<hr/>	<hr/>
		272,311	144,297
		<hr/> <hr/>	<hr/> <hr/>

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**22 Accrued grant commitments**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accrued grant commitments	<u>103,871</u>	<u>110,025</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.



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**23 Analysis of net assets between funds**

	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 March 2018 are represented by:				
Tangible assets	893	-	-	893
Investment properties	30,000	-	-	30,000
Investments	1	-	-	1
Current assets/(liabilities)	1,112,387	1,423,789	167,803	2,703,979
	<u>1,143,281</u>	<u>1,423,789</u>	<u>167,803</u>	<u>2,734,873</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
	£
<b>Restricted donations</b>	
Grand challenge - brain research	100,140
Other restricted donations	1,858
<b>Restricted legacies</b>	
Stross legacy	33,546
Barratt legacy	32,259
	<u>167,803</u>

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**24 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:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Within one year	35,400	59,900
Between two and five years	17,325	170,892
In over five years	-	58,333
	<u>52,725</u>	<u>289,125</u>

**25 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<u>109,813</u>	<u>167,613</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.

**26 Subsidiaries**

These financial statements are separate charity financial statements for The Dr Hadwen Trust.

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 2018 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.

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<b>27 Cash generated from operations</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Surplus for the year	327,967	22,542
Adjustments for:		
Investment income recognised in statement of financial activities	(9,108)	(9,858)
Fair value gains and losses on investment properties	-	1,691
Depreciation and impairment of tangible fixed assets	46,393	11,308
Movements in working capital:		
(Increase)/decrease in debtors	(49,757)	244,333
Increase in creditors	134,168	4,604
(Decrease) in deferred income	(6,154)	(29,902)
<b>Cash generated from operations</b>	<b>443,509</b>	<b>244,718</b>

**28 Control**

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

**29 Legal status of the Trust**

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.