

**UNDERSTANDING ANIMAL RESEARCH**

**AUDITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2012**

**REGISTERED NUMBER: IP28954R**

# **UNDERSTANDING ANIMAL RESEARCH**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012**

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# Understanding Animal Research

## President

Lord Taverne QC

## Chairman

Professor Frances Balkwill OBE FMedSci

## Honorary Treasurer

Mr Paul Sanders

## Members of Council

Ken Applebee  
Professor Derek Bell  
Dr Tony Causey  
Karen Gardner  
Andrew Gay  
Professor Max Headley  
Dr Robin Lovell-Badge  
Professor Jeremy Pearson  
Professor Angela Roberts  
Dr Patrick Sinnott-Smith  
Professor Sir Nick Wright

## Honorary Vice Presidents

Sir Colin Berry DSc FRCPath FRCP FFPM FMedSci  
Professor Colin Blakemore FMedSci FRCP(Hon) FRS  
Sir Walter Bodmer FRCPath FRS FMedSci  
Sir Arnold Burgen FRCP FRS FMedSci  
Sir Roy Calne FRCS FRS  
Mr Tam Dalyell  
Sir Colin Dollery FRCP  
Sir Michael Drury OBE FRCP FRCGP  
Dr Leslie Iversen FRS  
Baroness Knight of Collingtree DBE  
The Lord Mayhew  
Sir Stanley Peart FRCP FRS FMedSci  
Professor Nancy Rothwell DBE FRS  
Sir Richard Sykes DSc FRS FMedSci  
Lord Turnberg of Cheadle FRCP FMedSci  
Professor Owen Wade CBE FRCP  
Lord Walton of Detchant FRCP FMedSci  
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 RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

The Friendly and Industrial and Provident Societies Act 1968 requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Understanding Animal Research and of the results of the society for that period. In preparing those financial statements, the Council is required to:

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to enable it to ensure that the financial statements comply with The Friendly and Industrial and Provident Societies Act 1968. 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.

In so far as the Council are aware:

- there is no relevant audit information of which the society's auditor is unaware; and
- the Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## UNDERSTANDING ANIMAL RESEARCH

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNDERSTANDING ANIMAL RESEARCH FOR THE YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Understanding Animal Research for the year ended 31 December 2012 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 THE COUNCIL AND AUDITORS

As explained more fully in the Council's Responsibilities Statement, the Council is responsible for the preparation of the financial statements which 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 (APB'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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### OPINION ON FINANCIAL STATEMENTS

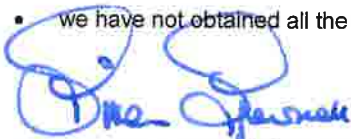
In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and with the Industrial and Provident Societies Acts 1965 to 2002.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Acts 1965 to 2002 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 LLP  
Chartered Accountants  
Statutory Auditors  
78 Portsmouth Road  
Cobham  
Surrey  
KT11 1PP

Dated: 18<sup>th</sup> June 2013

## UNDERSTANDING ANIMAL RESEARCH

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>NOTES</u>	2012 £	2011 £
<b>INCOME</b>			
Subscriptions and donations		447,719	433,095
Grants and donations		50,000	183,942
Interest received		188	4,000
Sale of publications and services		15,619	-
Project income		109,758	-
Service recharges		-	2,513
		<u>623,284</u>	<u>623,550</u>
<b>EXPENDITURE</b>			
Project costs		51,352	-
Staff salaries and costs	5	475,453	432,810
Premises expenses		27,022	84,880
Stationery, postage and telephone		1,893	8,091
Repairs and maintenance		416	2,856
Sundry expenses		1,222	4,661
Staff and Council expenses	6	23,519	15,194
Communications		71,525	32,934
Grants and subscriptions		2,852	669
Information technology costs		16,194	21,264
Education costs		8,163	18,164
Consultancy		450	17,318
Relocation expenses		-	32,538
Audit, accountancy and bookkeeping fees		17,001	16,443
Legal & consultancy fees		1,202	625
Depreciation		3,029	8,383
Interest expense and bank charges		259	157
		<u>701,552</u>	<u>696,987</u>
<b>OPERATING (DEFICIT)/SURPLUS FOR THE YEAR</b>	2	(78,268)	(73,437)
Exceptional costs	3	(122,573)	-
<b>CORPORATION TAX</b>	4	40	810
<b>RETAINED (DEFICIT) FOR THE YEAR</b>		<u>(200,881)</u>	<u>(74,247)</u>
<b>ACCUMULATED SURPLUS BROUGHT FORWARD</b>		432,164	506,411
<b>ACCUMULATED SURPLUS CARRIED FORWARD</b>	12	<u>231,283</u>	<u>432,164</u>

**TOTAL RECOGNISED GAINS AND LOSSES** - There were no recognised gains or losses other than the gains and losses as shown above.

**CONTINUING OPERATIONS** - None of the organisation's activities was acquired or discontinued during the above two financial years.

*The notes on pages 6 to 9  
form part of these financial statements.*

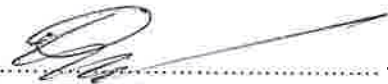
**UNDERSTANDING ANIMAL RESEARCH**

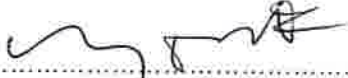
**BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Notes</u>	2012		2011	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		-		3,029
<b>CURRENT ASSETS</b>					
Debtors	8	228,859		103,186	
Cash on deposit		328,041		362,853	
Cash at bank and in hand		31,423		36,596	
		<u>588,323</u>		<u>502,635</u>	
<b>LESS: CURRENT LIABILITIES</b>					
Creditors and accrued charges	9	243,684		72,503	
		<u>243,684</u>		<u>72,503</u>	
<b>NET CURRENT ASSETS</b>			344,639		430,132
<b>CREDITORS: Amounts falling due after more than one year</b>	10		(112,359)		-
<b>NET ASSETS</b>			<u>232,280</u>		<u>433,161</u>
<b>Financed by:</b>					
<b>SHARE CAPITAL</b>					
5 (2011 - 5) shares of £1 each fully paid			5		5
<b>RESERVES AND FUNDS</b>					
Capital reserve - cancelled shares	12		992		992
Accumulated surplus	12		231,283		432,164
			<u>232,280</u>		<u>433,161</u>

Approved by the Council on 3 June 2013 and signed on its behalf by

  
..... - Professor Frances Balkwill  
CHAIRMAN OBE, FMedSci

  
..... - Mr Paul Sanders  
HON. TREASURER

  
..... - Mrs Wendy Jarrett  
CHIEF EXECUTIVE

*The notes on pages 6 to 9  
form part of these financial statements.*

## UNDERSTANDING ANIMAL RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1 ACCOUNTING POLICIES

##### Accounting conventions

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

##### Cash flow statement

The Organisation has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small entity.

##### Subscriptions and donations

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.

##### Depreciation of tangible assets

Depreciation is provided on tangible assets, at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	25% to 50% on cost
Office refurbishment	25% on cost

##### Taxation

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.

##### Operating lease commitments

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

##### Pension costs

The Organisation operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the income and expenditure account in the period to which they relate. These contributions are invested separately from the Organisation's assets.

#### 2 OPERATING (DEFICIT)/SURPLUS FOR THE YEAR BEFORE TAXATION

	2012	2011
	£	£
This is stated after charging:		
Audit fee	5,100	5,100
Depreciation	3,029	2,834
Operating leases - land and buildings	24,030	40,762
Exceptional item (note 3)	122,573	32,538



## UNDERSTANDING ANIMAL RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 3 EXCEPTIONAL ITEM

In 2009 Understanding Animal Research was informed that there may be a future liability to provide funds to make up a possible shortfall on an historic pension scheme.

There are 12 ex employees who, although they left Understanding Animal Research more than 9 years ago, remain as beneficiaries of the scheme. The scheme trustees originally advised that the proportion of the shortfall that may need to be borne by Understanding Animal Research could be between £25,800 and £240,800 and £30,644 was originally set aside to meet this liability. This amount has been paid in full between April 2011 and April 2013.

In the intervening years there have been legal disputes concerning the interpretation of the pension scheme rules and these have reached a conclusion which is unlikely to be appealed. The conclusion of the legal process indicates that, subject to the latest actuarial valuation which will not be published until after these financial statements have been approved, Understanding Animal Research is likely to be required to fund an annual contribution of approximately £15,322 which is the level that has been paid in each of the last two years. This annual liability, which may be adjusted when future actuarial valuations are prepared, is likely to continue for a further eight years until the end of March 2020.

The total estimated additional liability is £122,573 and this has been fully provided for as an exceptional item in the financial statements to 31 December 2012. The total liability at 31 December 2012 is £127,681.

The annual payments are expected to be £15,322 and this amount is included in current liabilities and the balance of the overall provision, £112,359, payable in equal monthly instalments from 2014 to 2020 is included in creditors falling due after more than one year.

#### 4 CORPORATION TAX

Corporation tax is payable on the interest income at a rate of 20%. The charge for the year is £40 (2011 - £810).

#### 5 EMPLOYEE INFORMATION

	2012	2011
	£	£
<b>Staff costs:</b>		
Salaries	286,656	296,598
Social security costs	29,831	31,374
Pension costs	49,413	18,791
Consultancy services	109,022	79,375
Recruitment, training and other staff costs	531	6,672
	<u>475,453</u>	<u>432,810</u>

#### 6 COUNCIL MEMBERS EXPENSES

During the year Mr T Causey received remuneration of £13,750 and expenses of £5,108 for services as interim CEO of the organisation. This appointment was approved by the Council. No other member received remuneration.

Included within staff and Council expenses are other costs in respect of Council members travel and accommodation totalling £4,388 (2011 - £1,317).

## UNDERSTANDING ANIMAL RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

#### 7 TANGIBLE FIXED ASSETS

	<u>Office equipment</u>	<u>Total</u>
	£	£
Cost or valuation:		
At 1 January 2012	18,547	18,547
Additions	-	-
Disposals	-	-
At 31 December 2012	<u>18,547</u>	<u>18,547</u>
Depreciation:		
At 1 January 2012	15,518	15,518
Charge for the year	3,029	3,029
Disposals	-	-
At 31 December 2012	<u>18,547</u>	<u>18,547</u>
Net book value at 31 December 2012	<u>-</u>	<u>-</u>
Net book value at 31 December 2011	<u>3,029</u>	<u>3,029</u>

#### 8 DEBTORS

	2012	2011
	£	£
Trade debtors	220,755	97,267
Other debtors	5,467	2,933
Prepayments and accrued income	2,637	2,986
	<u>228,859</u>	<u>103,186</u>

#### 9 CREDITORS - amounts falling due within one year

	2012	2011
	£	£
Trade creditors	5,826	4,031
Corporation tax	40	810
Other taxation and social security costs	30,662	30,224
Accruals and deferred income	207,156	37,438
	<u>243,684</u>	<u>72,503</u>

#### 10 CREDITORS - amounts falling due after more than one year

	2012	2011
	£	£
Provision towards pension deficit	112,359	-

See note 3 for further details.

## UNDERSTANDING ANIMAL RESEARCH

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 11 OBLIGATIONS UNDER OPERATING LEASES

	2012 Land and Buildings £	2011 Land and Buildings £
Amounts payable within one year on leases expiring:		
Within 1 year	-	12,150
Within 2 to 5 years	27,000	-

#### 12 STATEMENT OF MOVEMENTS ON RESERVES

	Accumulated surplus	Capital reserve
Balance at 1 January 2012	432,164	992
Deficit for the year	(200,881)	-
Balance at 31 December 2012	<u>231,283</u>	<u>992</u>

#### 13 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.