



Understanding **ANIMAL RESEARCH**

ANNUAL REPORT & ACCOUNTS for 2011



UNDERSTANDING ANIMAL RESEARCH

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PRESIDENT

Lord Taverne QC

CHAIR

Professor Frances Balkwill OBE FMedSci

HONORARY TREASURER

Paul Sanders

MEMBERS OF COUNCIL

Professor Roger Lemon

Dr Tony Causey

Ms Gill Hilsdon

Professor Derek Bell

Professor Clive Page

Ms Karen J Gardner

Dr Patrick Sinnott-Smith

Mr Paul Sanders

Professor Robin Lovell-Badge

Dr Jeremy Pearson

HONORARY VICE PRESIDENTS

Sir Colin Berry

Professor Colin Blakemore

Sir Walter Bodmer

Sir Arnold Burgen

Sir Roy Calne

Mr Tam Dalyell

Sir Colin Dollery

Sir Michael Drury

Sir Andrew Huxley

Dr Leslie Iversen

Sir David Jack

Baroness Knight of Collingtree

The Lord Mayhew

Sir Stanley Peart

Dr Peter Read

Professor Nancy Rothwell

Sir Richard Sykes

Lord Turnberg of Cheadle

Lord Walton of Detchant

Baroness Warnock of Weeke

Sir David Weatherall

Lord Winston of Hammersmith



REPORT OF THE COUNCIL for the year ended 31 December 2011

Vision and mission

The vision of Understanding Animal Research (UAR) is for broad understanding and acceptance of the humane use of animals in biomedical research in the UK, to advance science and medicine.

Our mission is to build and maintain informed public understanding and acceptance and a favourable policy and regulatory environment for the humane use of animals in biomedical research in the UK.

We achieve this by engaging with selected audiences and providing appropriate, evidence-based information.

The detailed work of the organisation is driven forward by three Advisory Groups that provide advice and strategic direction for the main areas of work in policy, communications and education.

The UAR approved strategy for 2011-2015 has top level goals as follows:

- A. Communications: To maintain public support for animal research, and shape public opinion on the key issues which present challenges for animal research.
- B. Schools education: To build public support for animal research in the future by facilitating engagement with teachers and young people in the UK about animal research.
- C. Licence to operate: To ensure a favourable policy and regulatory environment for high quality animal research in the UK by engaging with policy and decision-makers.

Activities

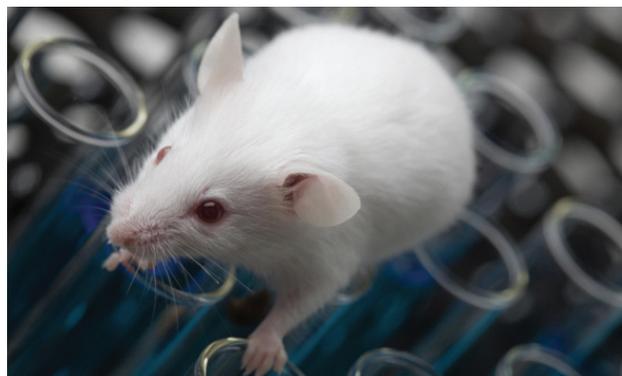
The major activities of the organisation are to communicate to the public, to influence policy development and to run a schools education programme.

During 2011, the work of UAR, alongside other organisations within the bioscience sector, continued to contribute to a favourable public debate and policy climate for animal research.

Major achievements in 2011

During the year, Understanding Animal Research:

- Engaged with our stakeholders and provided resources to enable them to undertake engagement activities on animal research.
- Assisted academic establishments respond to Freedom of Information requests.



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- Gained proactive and reactive media coverage of animal research.
- Alongside the UK Bioscience Sector Coalition, worked with the Home Office, other government departments and politicians on the transposition of the new EU Directive 2010/63/EU.
- Continued to ensure government support for well-regulated animal research in the UK. Engaged with Government and Parliament to ensure a continued emphasis on good science and animal welfare.
- Countered the campaigning of the animal rights movement, eg by limiting the reputational damage caused by anti-vivisection campaigns
- Achieved on average 100 school talks per term, reaching approximately 10,000 children in 2011, and trained new volunteers in industry and academia for the school speaker programme.
- Distributed 300,000 copies of the booklet *Where Do Medicines Come From?* to 6000 GP waiting rooms and 1000 pharmacies throughout the UK.
- Increased our multimedia and online media outputs, resulting in over 60,000 document/leaflet downloads and over 62,000 video views over a three year period.
- Further developed our two websites www.UnderstandingAnimalResearch.org.uk and www.AnimalResearch.info.
- Launched and promoted the Schoolzone and Teachers' Zone areas of the UAR website aimed at school students and teachers.
- Piloted a new higher education initiative aimed at bringing more specific teaching on the use of animals in research into undergraduate courses.

Governance issues for UAR

Understanding Animal Research formed in 2008 when the Research Defence Society (RDS) and the Coalition for Medical Progress (CMP) merged. The two organisations had similar aims and there was a degree of overlap in their functions. The merger took place through CMP winding up and transferring its assets and liabilities to RDS. RDS then renamed itself as Understanding Animal Research as part of the merger process. This merger reduced the duplication of effort and brought the resources and staff of the two organisations together.

A review chaired by Simon Denegri proposed the merger process and one of the recommendations was that UAR should eventually consider integration with a larger entity. "We also recommend that in the medium to longer term the new organisation investigates the appropriateness and feasibility of becoming part of a larger entity in pursuit of its strategic aims." This was not taken forward at the time of the original merger between RDS and CMP. However, a resolution at the 2010 Annual General Meeting of UAR was passed that UAR should investigate the appropriateness and feasibility of becoming part of a larger entity.

In June 2011, the UAR Council agreed a number of criteria to judge whether the future viability of the organisation is at risk. These were:-

- Income dropping below a level where a balanced budget could be achieved in the medium to long term
- Inability to deliver the strategic objectives of UAR
- Loss of stakeholder confidence
- Reputational damage which undermines the ability of the organisation to function

There are a number of possible models of “merger” ranging from a full merger of the two organisations to a looser federation or affiliation, governed by a memorandum of understanding. However, the majority of merger options require UAR to formally wind up as an organisation.

UAR’s interim Chief Executive, David Pruce, undertook a review into the appropriateness and feasibility of becoming part of a larger entity and consulted with stakeholders as part of the review. Stakeholders were unanimous that there is a need for the activities undertaken by UAR and for an independent voice for animal research. UAR is regarded as a credible organisation with a strong brand.

However, the income for UAR has fallen substantially over the past few years and is predicted to drop even more in 2012. Steps have been taken to mitigate the reduced income for 2012 without adversely affecting the core priorities of UAR.

It is unlikely that a merger would generate large savings and these would be offset against the initial costs of merger and the possible effects on income if some funders chose to rationalise their funding. However, a merger would allow for some reduction in duplication across the bioscience sector and bring cross-fertilisation of teams.

Council agreed that the case for winding up UAR had not been made in the short term. In the medium term, UAR needs to diversify its funding and to generate sufficient income to cover its core activities. Council also agreed to review its decision in 2013 when the success of UAR’s plans to diversify its income is clearer.

Staff and Council Changes

Simon Festing left UAR in mid 2011 to take up the position of Chief Executive of Society for General Microbiology. Simon had been Chief Executive of UAR from its formation and prior to that was Executive Director of the Research Defence Society. Council appointed David Pruce as interim Chief Executive to take over from Simon and to undertake an investigation into the appropriateness and feasibility of becoming part of a larger entity.

Two other members of staff (Emma Stokes and Jess Stragward) left UAR in 2011 and were replaced by Anna Perman and Alex Jenkin.

Ian Viney and Peter Hollins stood down from Council in 2011. Both had been on Council since the formation of UAR and helped to see the organisation through the merger of RDS and CMP into Understanding Animal Research. Robin Lovell-Badge was elected as a new Council member at the AGM in June and Jeremy Pearson was co-opted onto Council.

Funding of UAR

The principal funding source of the organisation in 2011 was subscriptions from member organisations. UAR has over 100 institutional members, most of whom pay an annual subscription. These organisations are listed on the website.

In November 2010, a funding formula was agreed with the pharmaceutical and contract research companies who fund UAR, which reduced the subscriptions for a number of companies. The effect of this, combined with some mergers of companies and the effect of the economic downturn was a reduction in income in 2011 from this sector of about £125,000.

UAR decided to reduce its outgoings, particularly its premises costs. The offices in Shaftesbury Avenue were expensive to rent and a decision was made to try to surrender the lease (removing a long term risk) and to move into Charles Darwin House. The move was completed in August 2011 and will result in significant premises savings in 2012 and the potential for closer working with other bioscience organisations also based at Charles Darwin House.

The Council also agreed to try to diversify the membership base of UAR so that there was less reliance on the pharmaceutical and contract research companies going forward and to seek specific project funding. This will be implemented during 2012.

The accounts for 2011 reveal a significant potential liability, as yet unknown, in respect of a legacy company pension scheme. Once this is resolved, through a court case expected in 2012, Council will be able to adopt a proactive approach to managing its reserves.

The funding of UAR will remain a significant issue in 2012 but we are confident that the combination of diversification of income; income generation and prudent control on outgoings will enable UAR to stabilise its resources in the medium to long term.

Approved by Council
Professor Frances Balkwill OBE FMedSci
On behalf of Council

UAR Activities in 2011 - Case studies

Transposition of European Directive 2010/63/EU

In November 2010, the European Parliament adopted Directive 2010/63/EU after two years of debate. The Directive was a revision of EU Directive 86/609 on animal experimentation which in turn led to the UK's Animals (Scientific Procedures) Act 1986. Understanding Animal Research played a major role in coordinating the voice of the bioscience sector and getting it heard in Europe and we worked hard with a coalition of UK bioscience organisations (the UK Bioscience Sector Coalition) throughout the development of the Directive. The Coalition built up considerable expertise during this process and remains in place for the transposition of the Directive into UK law. The Directive must be transposed into UK law by 1st January 2013.

The UK Bioscience Sector Coalition comprises the UK's key bioscience organisations involved with the use of animals in scientific and medical research.

The following organisations are all members of the UK Bioscience Sector Coalition.

- Association of Medical Research Charities
- Association of the British Pharmaceutical Industry
- BioIndustry Association
- Biotechnology and Biological Sciences Research Council
- Institute of Animal Technology
- Laboratory Animal Breeders Association
- Laboratory Animal Science Association
- Medical Research Council
- Society of Biology
- The Academy of Medical Sciences
- Understanding Animal Research
- Wellcome Trust



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It represents the perspectives of academia, industry, small and medium enterprises, charities and other research funders, as well as patient and medical groups.

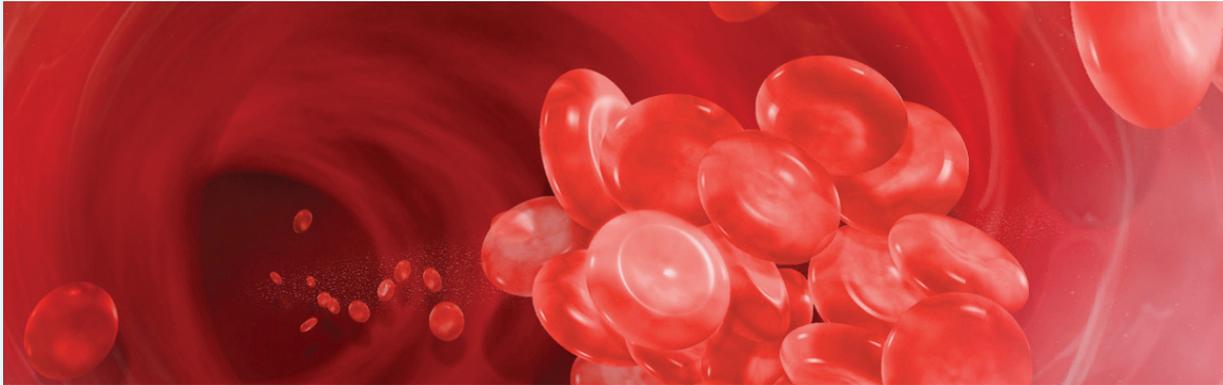
The process of transposition of the Directive into UK law began in earnest in June 2011 when the Home Office consulted on the options for the transposition of European Directive 2010/63/EU on the protection of animals used for scientific purposes. The UK Bioscience Sector Coalition responded to the consultation on behalf of the bioscience sector with a detailed 40 page response signed up to by all the organisations in the Coalition and by a wider range of organisations across the sector.

The Coalition response was built on four main principles:

- Promoting high-quality science and patient benefits
- Ensuring high animal welfare standards and the application of the 3Rs (reduction, refinement and replacement)
- Harmonisation of EU regulatory requirements
- Promotion of public confidence in humane animal research

Throughout the consultation and the months that followed, the Coalition stayed in close contact with the Home Office, other government departments and politicians.

We met with both the Home Office Minister Lynne Featherstone and the Shadow Home Office Minister Diana Johnson; and briefed MPs and Lords about the views of the bioscience sector.



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UAR activities in 2011 - Case studies

Supporting our members

We are moving into a period when most of the key extremists of the last decade are either in prison or have been released with strict parole conditions.

The year started with three Stop Huntingdon Animal Cruelty (SHAC) extremists being sentenced in January. The hearing was the last in a series of prosecutions of extremists linked to SHAC, including founder members Gregg Avery, Natasha Avery and Heather Nicholson, who were given lengthy jail terms in 2009 for blackmailing companies linked to HLS.

However, 2011 also saw the release of the Averys in November. They had been sentenced in January 2009 to nine years for a vicious campaign included firebombing cars outside workers' homes, physical assaults, criminal damage, personal threats and harassment. The Averys were released under strict conditions, including lifetime ASBOs.

What we are now seeing is that UK animal rights activists seem to be adopting a more campaigning approach.

A recent example is the planning application to expand research animal breeding facilities at B&K in Yorkshire. The small radical group National Anti Vivisection Alliance led a variety of groups including mainstream UK groups such as the British Union for the Abolition of Vivisection.

UAR worked closely with B&K to support them when they found themselves the target of a noisy campaign against the expansion of their breeding facilities. We appeared on a number of local and national radio and

television interviews explaining the benefits of animal research.

We are also seeing a revival of campaigns against international transportation of research animals with a variety of activist groups campaigning against the transportation of animals for research.

Another campaign briefly hit the headlines was when Animal Aid attacked medical research charities who fund animal research. *The Independent* and its sister newspaper the *"I"* featured the campaign on launch, but condemned it. Understanding Animal Research provided background material and wrote a short piece justifying the use of animals in research. The *Independent* also published a leader column explaining why animal research is important to medicine:

"There are alternatives. Drugs can be tested on human tissue and living cells grown in the laboratory. But it will be years before they replace animals."

What alarms many is the sharp rise in animal testing over a decade - which reflects the big increase in funding for medical research, public and private. The development of genetically modified animals has also improved understanding of how humans will respond to a treatment."

Surprisingly, Animal Aid has continued their campaign using posters in bus stops in London and small adverts in newspapers. There is little evidence that it has any real impact and some anecdotal evidence suggests that many donors have increased support for the charities rather than withdrawing it.

UAR activities in 2011 - Case Studies

Freedom of Information Requests

In 2008, the British Union for the Abolition of Vivisection (BUAV) requested the information within two project licences from Newcastle University, under the Freedom of Information Act. The request was challenged and appealed by both sides, citing various arguments as to why the information should or should not be disclosed.

In May 2011, the Upper Information Tribunal ruled that Newcastle University must hand over the information requested by BUAV. The ruling only considered one of three arguments raised by the University and a further appeal in November looked at the other two arguments.

In November 2011, Newcastle University were ordered to release information on some of its primate research projects to BUAV. However, the University was also advised that Section 24 of the Animals (Scientific Procedures) Act required it to keep the licences confidential. This placed the University in an impossible position.

The University explained that it had never wished to hide information, and that it had been very open.

"On the one hand we were asked to comply with the ruling of a Tribunal, which stated information had to be released, on the other there was the threat of prosecution from the Home Office if we did release that information. The University has been caught in the middle and pursuing this through the proper channels has cost over £250,000 in legal fees. Some information will be redacted to protect the health and safety of employees and to protect intellectual property."

UAR supports openness and we have made considerable progress in recent years. Anti-vivisection campaigns tend to target less open institutions that are perceived as having something to hide.

However, universities should be careful. Project licences are complex documents, containing confidential information about researchers and their intellectual property that was never meant for anti-vivisection groups.

There were a number of multiple Freedom of Information (FOI) requests sent to universities and research institutions following the ruling about the Newcastle case asking for details of current project licences. UAR commissioned legal advice about the Freedom of Information Act and advised many of those who had received the requests.

It is important to balance openness with protecting intellectual property and staff safety. We strongly advocate that universities take a proactive approach to being open about animal research and to publish information about the use of animals on their websites. At the same time, we support the proper use of exemptions to the Freedom of Information Act to protect confidential data.

UAR is often asked to provide advice and support about FOI requests and we play an important role in advising and co-ordinating responses to FOI requests sent to multiple Universities. UAR is concerned that the Act is used inappropriately by some campaigners and is a poor tool for openness. We continue to raise those concerns with government and to seek changes which will improve openness while protecting confidential information.



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UAR activities in 2011 - Case Studies

Higher education pilot

Understanding Animal Research piloted an initiative to bring more specific teaching on the use of animals in research into undergraduate courses in UK higher education institutions. This initiative builds on the format used for the UAR school speakers' programme. A Virtual Learning Environment (VLE) was developed to house resources and to provide a forum so that lecturers can share their own materials and ideas.

A group of staff and research students from Imperial College London discussed the initial resources and general approach in a pilot workshop run by UAR. Their insights were used to refine both the resources and the training to be made available across the higher education sector.

The group felt the VLE should explore teaching formats and different ways of engaging students with the material so that

it was integrated with their courses, as well as providing fully indexed and searchable resources. The group felt that the videos and images supplied by UAR would also be useful.

The pilot showed that, if successful, this initiative will give life science graduates from a wide range of institutions a better understanding of the role of animal research in the scientific process, regardless of the eventual career paths they follow. Specific teaching on animal research will also allow students considering research-based careers to make more informed choices, and will increase institutional openness, as they are encouraged to discuss animal research taking place within their own institution.

The British Pharmacological Society, the Society of Biology and the Physiological Society have all offered their support in taking this initiative further, and we aim to develop it further in 2012.

Where do medicines come from?

In February, the first of 300,000 copies of the UAR booklet *Where do medicines come from?* started their journey from the distributors to GP waiting rooms and pharmacies throughout the UK.

The full colour booklet *Where Do Medicines Come From?* illustrates the vital role of animal research in the evolution of medical treatments and vaccines. Whether from the past, as with penicillin, or the near present, as with monoclonal antibody or stem cell treatments, we took the reader through the process of medicines R&D.

We saw this as an important way of directly targeting the public and making the link between animal research and the medicines they take every day.

A mix of library photographs and graphics illustrated our message, helping to make the small 16-page booklet attractive and easy to read.

The first version of *Where Do Medicines Come From?* was produced in 2008 for distribution to GP waiting rooms over a

six-month period and to pharmacies over a further three months. The first production and distribution was funded by government and received consistently good feedback.

Thanks to a Wellcome Trust People Award, the newly designed leaflet and a supporting short video were released for distribution by healthcare marketing company IDS in February 2011.

The leaflet was distributed to 6,000 GP surgeries throughout the UK and over 1,000 pharmacies in England over a six month period.

The programme will be thoroughly evaluated, both quantitatively and qualitatively, and the results will be available in the months to come.

At the end of 2011, we also brought our other popular leaflets up to date. These provide everything you need to know about animal research in a handy format, and are often used in schools outreach. They can be ordered from UAR and are also available to download from the UAR website.

WHERE DO MEDICINES COME FROM?



Understanding
ANIMAL RESEARCH

UAR in 2011 - Case Studies

Redeveloping our websites

The web is a great tool for communication - but to really make an impact you have to make sure that your message is heard.

Since we set up our main website three years ago, over 60,000 leaflets and other documents have been downloaded and since we started producing short videos they've been watched over 42,000 times on the main website, and another 20,000 on YouTube and elsewhere. Perhaps most surprisingly, around 58,000 UAR/Wellcome images of lab animals were downloaded. We also work hard to push out news using an RSS feed, our monthly newsletter and social media.

So our website is working at pushing out key resources and materials but how does it compare to the competition? A Google search using 'animal testing' keywords places Wikipedia/animal testing a few places above us. However, investigating the hit rate for our main site and sister site www.animalresearch.info showed that Wikipedia/animal testing hit rate was 34,000 per year, some way behind the UAR website hit rate, which is around 10 times more. This perhaps reflects the fact that the UAR site ranks top for searches using 'animal research' keywords.

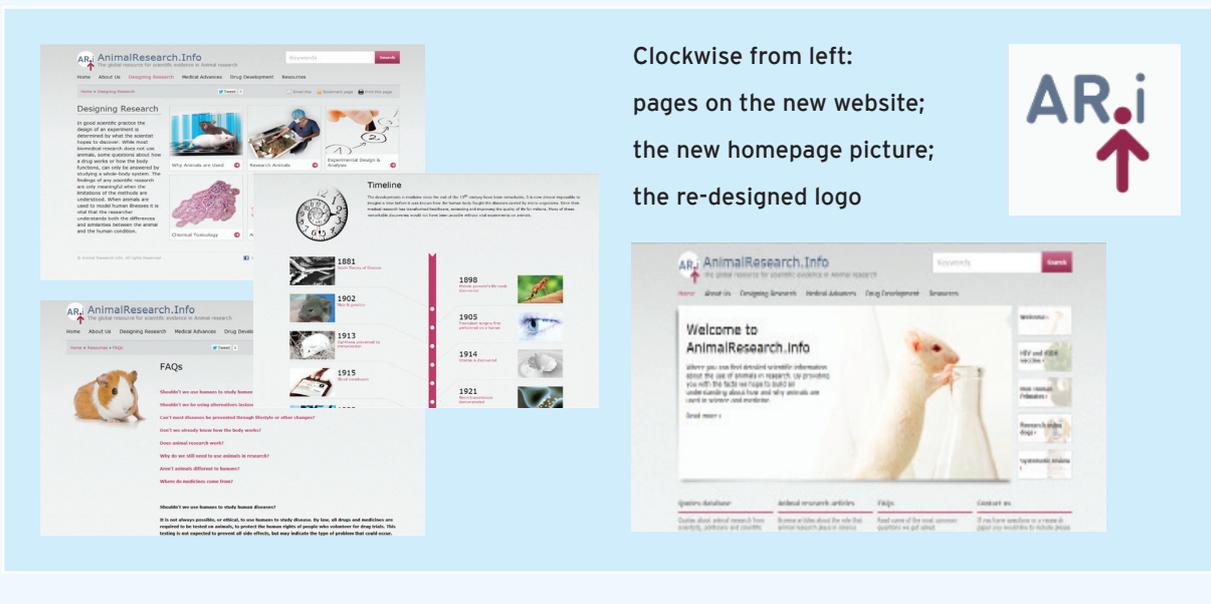
To improve our rankings we are fine tuning the site as well as re-organising its content and refreshing the design.



Clockwise from above:
the new homepage;
sections of the site;
the Schoolzone

We have had a significant international reach to our website - we have had visits from 129 of the 196 countries in the world.

Our sister site, AnimalResearch.info, is doing better still with 149 countries - and no doubt will pull further ahead when its new Spanish, German, Italian and French language versions become available next year courtesy of a grant from Novartis International AG.



Clockwise from left:
pages on the new website;
the new homepage picture;
the re-designed logo



FINANCIAL STATEMENTS for the year ended 31 December 2011

IP28954R

STATEMENT OF THE COUNCIL'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2011

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 organisation 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 FOR THE YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Understanding Animal Research for the year ended 31 December 2011 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The Council's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Council's Responsibilities.

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with UK Generally Accepted Accounting Practice and the Industrial and Provident Societies Acts 1965 to 2002. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained or if proper books of account have not been kept by the society.

In addition we state if we have not obtained all the information and explanations necessary for the purposes of our audit or if the society's balance sheet and its revenue account are not in agreement with the books of account.

We read other information contained in the Report of the Council and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the society's affairs at 31 December 2011 and of its income and expenditure for the year then ended and have been properly prepared in accordance with UK Generally Accepted Accounting Practice and with the Industrial and Provident Societies Acts 1965 to 2002.

Simon Spevack FCA
Senior Statutory Auditor
Dated: 25 06 2012

For and on behalf of:
Wellden Turnbull LLP
Chartered Accountants & Statutory Auditors
Argon House, Argon Mews
Fulham Broadway
London SW6 1BJ

UNDERSTANDING ANIMAL RESEARCH

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	2011 £	2010 £
INCOME			
Subscriptions and donations		433,095	683,769
Grants and donations		183,942	53,094
Interest received		4,000	1,399
Sale of publications and services		-	370
Other income		-	3,057
Service recharges		2,513	7,992
		<u>623,550</u>	<u>749,681</u>
EXPENDITURE			
Staff salaries and costs	4	432,810	445,582
Premises expenses		84,880	100,703
Stationery, postage and telephone		8,091	11,105
Repairs and maintenance		2,856	2,057
Sundry expenses		4,661	2,397
Staff and Council expenses	5	15,194	15,506
Communications		32,934	28,500
Printing and design		-	24,553
Grants and subscriptions		669	1,472
Information technology costs		21,264	12,696
Education costs		18,164	23,965
Project and consultancy		17,318	14,393
Exceptional Costs	8	32,538	1,267
Audit, accountancy and book keeping fees		16,443	12,428
Legal & consultancy fees		625	1,510
Depreciation		8,383	2,834
Pension case provision		-	4,844
Interest expense and bank charges		157	198
		<u>696,987</u>	<u>706,010</u>
OPERATING (DEFICIT)/SURPLUS FOR THE YEAR	2	(73,437)	43,671
CORPORATION TAX	3	810	309
RETAINED (DEFICIT)/SURPLUS FOR THE YEAR		(74,247)	43,362
ACCUMULATED SURPLUS BROUGHT FORWARD		506,411	463,049
ACCUMULATED SURPLUS CARRIED FORWARD	11	<u>432,164</u>	<u>506,411</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.

UNDERSTANDING ANIMAL RESEARCH

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011		2010	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		3,029		8,699
CURRENT ASSETS					
Debtors	7	103,186		41,775	
Cash on deposit		362,853		400,000	
Cash at bank and in hand		36,596		163,143	
		<u>502,635</u>		<u>604,918</u>	
LESS: CURRENT LIABILITIES					
Creditors and accrued charges	8	72,503		106,209	
		<u>72,503</u>		<u>106,209</u>	
NET CURRENT ASSETS			430,132		498,709
NET ASSETS			<u>433,161</u>		<u>507,408</u>
Financed by:					
SHARE CAPITAL					
5 (2010 - 46) shares of £1 each fully paid			5		46
RESERVES AND FUNDS					
Capital reserve - cancelled shares	11		992		951
Accumulated surplus	11	432,164		506,411	
		<u>433,161</u>		<u>507,408</u>	
Approved by the Council on 1st June 2012 and signed on its behalf by:					
Professor Frances Balkwill OBE FMedSci			CHAIR		
Paul Sanders			HON TREASURER		
David Pruce			INTERIMCHIEF EXECUTIVE		

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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.

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) FOR THE YEAR BEFORE TAXATION

	2011	2010
	£	£
This is stated after charging:		
Audit fee	5,100	5,000
Depreciation	8,383	2,834
Operating leases	40,762	61,200
Land and buildings		
	<u>40,762</u>	<u>61,200</u>

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

3 CORPORATION TAX

Corporation tax is payable on the interest income at a rate of 21/20%. The charge for the year is £810 (2010 - £309).

4 EMPLOYEE INFORMATION

	2011	2010
	£	£
Staff costs:		
Salaries	296,598	380,283
Social security costs	31,374	40,468
Pension costs	18,791	24,831
Consultancy Services	79,375	-
Recruitment, training and other staff costs	6,672	-
	<u>432,810</u>	<u>445,582</u>

5 COUNCIL MEMBERS EXPENSES

No Council member received any remuneration for their services during the year.

Included within staff and Council expenses are costs in respect of Council members travel and accommodation totalling £1,317 (2010 - £1,190).

6 TANGIBLE FIXED ASSETS

	Office refurbishment	Office equipment	Total
	£	£	£
Cost or valuation:			
At 1 January 2011	9,305	15,834	25,139
Additions		2,713	2,713
Disposals	(9,305)	-	(9,305)
At 31 December 2011	<u>-</u>	<u>18,547</u>	<u>18,547</u>
Depreciation:			
At 1 January 2011	4,458	11,982	16,440
Charge for the year	4,847	3,536	8,383
Disposals	(9,305)	-	(9,305)
At 31 December 2011	<u>-</u>	<u>15,518</u>	<u>15,518</u>
Net book value at 31 December 2011	<u>-</u>	<u>3,029</u>	<u>3,029</u>
Net book value at 31 December 2010	<u>4,847</u>	<u>3,852</u>	<u>8,699</u>

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

7	DEBTORS	2011	2010
		£	£
	Trade debtors	97,267	10,660
	Other debtors	2,933	8,080
	Prepayments and accrued income	2,986	23,035
		<u>103,186</u>	<u>41,775</u>
8	CREDITORS - amounts falling due within one year	2011	2010
		£	£
	Trade creditors	4,031	19,110
	Corporation tax	810	294
	Other taxation and social security costs	30,224	15,298
	Accruals and deferred income	37,438	71,507
		<u>72,503</u>	<u>106,209</u>

Accruals and deferred income includes a provision of £19,153 (2010 - £30,644) towards a pension deficit. The £30,644 is the Pension Trustees best case estimate of UAR's estimated share of that deficit. UAR have paid £11,491 on account during 2011. The case is now due to be heard in 2012.

9 OBLIGATIONS UNDER OPERATING LEASES

	2011	2010
	Land and Buildings	Land and Buildings
	£	£
<i>Amounts payable within one year on leases expiring:</i>		
<i>Within 1 year</i>	12,150	-
<i>After 2 to 5 years</i>	<u>-</u>	<u>61,200</u>

UNDERSTANDING ANIMAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2011

10 CONTINGENT LIABILITY

The Organisation has been 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 the Organisation more than 8 years ago, remain as future beneficiaries of the scheme. The scheme trustees have advised that the proportion of the shortfall that may need to be borne by the Organisation could be between £25,800 and £240,800.

A group of employers is disputing the claim, but if it succeeds we are advised that the liability may be paid off over a period of 10 years. As a result the Council agreed to provide £30,644 at 31 December 2010 and the Organisation has been making payments towards this liability (refer also note 8 under Creditors).

11 STATEMENT OF MOVEMENTS ON RESERVES

	Accumulated surplus	Capital reserve
Balance at 1 January 2011	506,411	951
Cancelled shares during the year	-	41
Surplus for the year	(74,247)	-
Balance at 31 December 2011	<u>432,164</u>	<u>992</u>

12 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.



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