

**Company Number: 03685911**

**Registered Charity Number: 1081183**

**CRUELTY FREE INTERNATIONAL TRUST**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**CRUELTY FREE INTERNATIONAL TRUST**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**FOR THE YEAR ENDED 31 MARCH 2022**  
**LEGAL AND ADMINISTRATIVE INFORMATION**

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**BANKERS**

**Co-Operative Bank**

1 Islington High Street  
London  
N1 9TR

**AUDITORS**

**Moore Kingston Smith LLP**

9 Appold Street  
London  
EC2A 2AP

**SOLICITORS**

**Bates Wells & Braithwaite LLP**

10 Queen Street Place  
London  
EC4R 1BE

**INSURANCE BROKERS**

**Towergate Risk Solutions**

Halford House  
Coval Lane  
Chelmsford  
ESSEX  
CM1 1TD

**REGISTERED AND PRINCIPAL ADDRESS**

16a Crane Grove  
Highbury  
London N7 8NN

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The Trustees present for submission their report for the 12-month period to 31 March 2022.

**CONSTITUTION**

The Organisation was incorporated and registered as a Charity on the 18 December 1998 and is governed by the Memorandum and Articles of Association set out on that date and amended in June 2013. The Organisation is both a Charity and Company limited by guarantee and has no share capital. Though independently governed, the Organisation has a single permanent corporate member, Cruelty Free International (registered company number 04115167).

**OBJECTS**

The Organisation acts as an educational body about all aspects of animal testing. It strives to educate the public in the moral, scientific, and other arguments both for and against animal testing; the prevention of cruelty to and suffering of animals, including laboratory animals, and the alternatives to animal testing.

In terms of ongoing activities, the long-term business plan is to provide grant funding awards in support of the development of scientific alternatives to animal testing, and to ensure that animal testing is lawfully regulated and accountable.

**PUBLIC BENEFIT**

The Trustees confirm that they have complied with the duty to have due regard to the guidance on public benefit published by the Charity Commission, including its guidance 'Public Benefit: Running a Charity (PB2)'.

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The Organisation provides public benefit through the fulfilment of its charitable objectives; by educating the public regarding arguments both for and against all aspects of animal testing, and in the funding, development, and promotion of humane and effective science.

**TRUSTEES**

The Organisation is governed by an Executive Committee of Trustees. Ordinarily, the Executive Committee meets in session four times per year and is responsible for the strategic direction, tactical outputs, and all other affairs of the Organisation.

Appointments to the Executive Committee are made by recommendation of serving Trustees. Each recommendation is considered on merit, and recommendations must be seconded and pass a majority vote thereafter. Once appointed, new Trustees are inducted into the affairs of the Organisation, and are provided with relevant training, should that be required.

As Cruelty Free International is the sole member of the Organisation, it has the effective right to determine the appointment of all new Trustees, and to remove any Trustees from office.

The Trustees that served during the year were:

Director	Chris Deacon
Director	Bob Garner
Director	Siobhan Barrett
Director	Eleanor Thomas
Company Secretary	Michelle Thew

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**REVIEW OF ACTIVITY**

Following the wideranging disruption caused by the COVID-19 pandemic during the previous financial year, the Organisation recovered quickly and recorded a successful year of growth in terms of both turnover and in the scale of delivery of its charitable activities.

Total income across the Organisation leapt to £869,458 [2021: £430,346] which more than doubled the income of the previous year, as legacy gifts and corporate partnerships combined to ease funding concerns present at the start of the year.

Through the generosity and wonderful support of our donors, legacy gifts play their part every year and, during the year, the Organisation benefited from the receipt of one particularly significant gift that was valued in excess of £500,000. The Organisation was also most grateful to have received the financial support provided by its corporate partners which during the year amounted to £108,000 of funding support intended for unrestricted use across the breadth of the Organisations outputs.

In the aftermath of the COVID-19 pandemic, the Organisation's management team has remained particularly vigilant and agile in its stewardship to safeguard the Organisation's recovery and to oversee its ongoing development. By attentively monitoring performance, the management team took prompt action to quickly channel additional incoming resources to support the delivery of its charitable activities. In doing so, total expenditure across the Organisation was uplifted to £442,622 [2021: £309,975] and of this value, funds dedicated to the delivery of the Organisation's Charitable Activities were increased significantly to £280,158 [2021: £166,857] whilst a further £162,464 [2021: £143,118] was nominated in support of Raising Funds during the year.

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In terms of its ongoing charitable activities, as in previous financial years, the Organisation sought to use its grant making objectives to discharge its charitable activities and to generate public benefit, by ensuring that laws in relation to animal testing are upheld and regulated by relevant competent authorities, through the promotion of humane science and alternative methods to animal testing and, by contributing to the debate on the use of animals in testing.

Of key significance, during the year the Organisation awarded science grant funding to Cruelty Free International the science projects of which were at the centre of the delivery of the Organisation's charitable activities. The science grants were subsequently used to facilitate the research, development, and implementation of alternative methodologies to testing on animals. The value of the Cruelty Free International science grants was £91,184 [2021: £115,407]. In addition, two further grants amounting to £84,373 [2021: £ nil] were made available for the first time in support of Cruelty Free Europe. The nature of the Organisation's relationships with Cruelty Free International and Cruelty Free Europe are disclosed in Note 8 on page 31 and 32 of this document.

With regards to ongoing administrative developments of fundamental importance, the Organisation developed a new IT Security Policy during the year in response to the increased risk presented by cyber crime. The comprehensive new policy has been reinforced by physical improvements made to security across the IT system and by a package of ongoing digital cyber security training for all staff. Additional digital training for all staff is mandatory with regards to GDPR and data protection and, for equal opportunities and unconscious bias with both areas supported by the adoption and introduction of revised policies during the year.

Overall, the Organisation generated a surplus amounting to £426,836 [2021: £120,371] for the year and the Organisation's Unrestricted General Fund significantly increased to £1,057,531 [2021: £630,695]. A large proportion of the overall value of the Organisation's

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balance sheet is categorised as accrued income which almost exclusively relates to nominated legacy gifts that have yet to be received. The Organisation currently has £783,815 [2021; £161,634] of accrued income, and that requires that cashflow is kept under careful observation to ensure that the Organisation remains financially well balanced.

## **FUTURE PLANS**

During the three year period ahead, the Organisation plans to deliver its science-based grants strategy by continuing to focus on researching alternatives to regulatory animal testing, as its key charitable activity.

The Organisation plans to fund its outputs through a combination of appeals-based fundraising and via the stewardship of legacy and in memory gifts and, in doing so, it is regulated through its continuing membership of the Fundraising Regulator. From time to time, the Organisation will also defer appeals fundraising activity, as it intends to do during Financial Year 2022/23, and it will instead draw on the receipt of legacies to fund its continuing activities when it is appropriate to do so.

In terms of corporate and social responsibility, the Organisation is committed to sustainable working and, via its affiliation to Cruelty Free International and the action of that entities' Environmental Working Group, the Organisation has the shared goal of becoming carbon neutral by 2025.

## **RESERVES POLICY**

The Organisation is committed to maintain adequate levels of reserves, the calculation of which is sophisticated enough to protect cash flow whilst maintaining sufficient funding to

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deliver three months of budgeted expenditure. During this year of operation, the minimum reserve level required was calculated to amount to £110,000 [2021: £85,000].

Accumulated funds that are currently held in excess of the minimum level of reserves deemed necessary, will be used to expand the impact of the Organisation's science and regulatory activity and to underpin the Organisation's general operations in the financial periods that lie ahead.

### **REVIEW OF RISKS**

The Trustees are responsible for the management of the risks faced by the Organisation. Risks are identified and assessed, and controls are established and used throughout the year. A formal review of the Organisation's risk management processes is undertaken on an annual basis and a detailed Risk Register, addressing the full spectrum of the Organisation's systems and activities, is maintained.

A particular risk affecting the Organisation's sustainability is fundraising and income generation, the performance of which can be extremely sensitive to sectoral and economic headwinds, and that can cause significant fluctuations in results in any given year. To mitigate this risk, the Organisation strives to maintain a comprehensive cashflow statement and sufficient reserves as detailed above.

The internal stewardship of donations and more broadly of maintaining compliance with regulatory standards across the Organisation, whilst achieving the best practice benchmarking, represents another set of practical risks.

In response, the Organisation employs a series of complex systems, policies, and procedures to ensure that its supporter journey is compliant with the minimum standards maintained by the Fundraising Regulator and by the Information Commissioners Office, and that the

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Organisation more generally correctly adheres to all the regulatory framework in which it is required to work.

The emergence of the COVID-19 pandemic represents a unique risk to the Organisation's income generation, and subsequently also to its outputs, and therefore to the overall sustainability of the Organisation. To help the Organisation mitigate this risk, again, the Organisation will call upon a comprehensive cashflow statement and steward existing reserves carefully as detailed above.

**THE KEY CONTROLS USED BY THE ORGANISATION INCLUDE:**

- Established operational and governance structure, formal agenda and minuted records for all Trustee meetings
- Comprehensive strategic and business planning, and quarterly accruals-based management accounting and reporting.

Through observation of the above risk management processes trustees are satisfied that the major risks identified have been adequately mitigated. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

**KEY MANAGEMENT REMUNERATION**

The Organisation has no staff of its own. The work of the Organisation is primarily administered by Cruelty Free International workers that are seconded to the Organisation to carry out specific tasks by financial agreement with that organisation, please see Note 3 on page 29 and 30 for further detailed information.

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The Organisation is content that the costs incurred in the delivery of its work have been correctly apportioned and that staff costs are regulated by Cruelty Free International in accordance with best practice, including through the provision of sectoral benchmarking, and a comprehensive annual staff appraisal process.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors for the purposes 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 including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the Charity for that period.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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The Trustees are responsible for keeping proper 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.

So far as the Trustees are aware:

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

Small Company Rules: Advantage is taken in preparing this report of the provisions applicable to small companies entitled to the small companies' exemption.

Approved by the Trustees on and signed on their behalf by:



28 September 2022

Chris Deacon  
Director

Date:

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**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Opinion**

We have audited the financial statements of Cruelty Free International Trust ('the company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 FRS 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 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance

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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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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

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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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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**INDEPENDENT AUDITOR'S REPORT**  
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- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

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**Auditor's responsibilities for the audit of the financial statements**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

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Our approach was as follows: We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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**FOR THE YEAR ENDED 31 MARCH 2022**

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

Luke Holt (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date: 30 September 2022

9 Appold Street  
London  
EC2A 2AP

**CRUELTY FREE INTERNATIONAL TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	<u>Notes</u>	<u>Unrestricted</u>	<u>Unrestricted</u>
		<b>2022</b>	<b>2021</b>
		£	£
<b>INCOME</b>	<b>2.</b>		
Income from Donations and Legacies		<b>868,812</b>	430,288
Investment Income		<b>646</b>	58
<b>Total Income</b>		<b>869,458</b>	430,346
<b>EXPENDITURE</b>	<b>3.</b>		
Raising Funds		<b>162,464</b>	143,118
Charitable Activities		<b>280,158</b>	166,857
<b>Total Expenditure</b>		<b>442,622</b>	309,975
<b>Net Surplus</b>		<b>426,836</b>	120,371
<b>Balance at 1 April 2021</b>		<b>630,695</b>	510,324
<b>Balance at 31 March 2022</b>		<b>1,057,531</b>	630,695

The Statement of Financial Activities is in respect of continuing activities. There are no other gains or losses in the year except those reported in the Statement of Financial Activities. The accompanying notes form part of the financial statements.

**CRUELTY FREE INTERNATIONAL TRUST**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2022**

	<u>Notes</u>	2022 £	2021 £
<b>FIXED ASSETS</b>			
Investments – Cash on Deposit		-	100,000
		-	100,000
<b>CURRENT ASSETS</b>			
Debtors	4.	784,033	161,732
Cash at bank and in hand		318,558	396,446
<b>Total Current Assets</b>		<b>1,102,591</b>	<b>558,178</b>
<b>CURRENT LIABILITIES</b>			
Less: Creditors – amounts due within one year	5.	(45,060)	(27,483)
<b>Net Current Assets / (Liabilities)</b>		<b>1,057,531</b>	<b>530,695</b>
<b>Net Assets</b>		<b>1,057,531</b>	<b>630,695</b>
<b>RESERVES</b>			
<b>General Fund</b>	6.	<b>1,057,531</b>	<b>630,695</b>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and were signed on its behalf by:



Chris Deacon  
Director

Date: 28 September 2022  
Registered Company Number: 03685911

**CRUELTY FREE INTERNATIONAL TRUST**  
**CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	<b>2022</b> £	<b>2021</b> £
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Net Cash provided by / (used in) operating activities	<b>(177,887)</b>	<b>465,019</b>
Change in cash and cash equivalents in the reporting period	<b>(177,887)</b>	<b>465,019</b>
Cash and cash equivalents at the beginning of the period	<b>496,446</b>	<b>31,427</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>318,559</b>	<b>496,446</b>
<b>RECONCILIATION OF NET CASHFLOW FROM OPERATING ACTIVITIES</b>		
	<b>2022</b> £	<b>2021</b> £
Net surplus / (deficit)	<b>426,836</b>	<b>120,371</b>
(Increase) / Decrease in debtors	<b>(622,300)</b>	<b>331,761</b>
Increase / (Decrease) in creditors	<b>17,577</b>	<b>12,887</b>
<b>Net cash provided by / (used in) operating activities</b>	<b>(177,887)</b>	<b>465,019</b>

The Trust has no debt and therefore a Net Debt Note, as required by Update Bulletin 2 to the Charities FRS 102 SORP has not been prepared.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**1. ACCOUNTING POLICIES**

**a) Company Information**

Cruelty Free International Trust is a limited company domiciled and incorporated in England and Wales. The registered office is 16a Crane Grove, London N7 8NN.

**b) Accounting Convention**

These financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Charities Act 2011 and the requirements of the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102. The financial statements were prepared under FRS 102.

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

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

**c) Going Concern**

The Trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cause significant doubt on the ability of the charitable company to continue as a going concern.

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The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. After making enquiries about the potential impact of the Covid-19 pandemic on income generation and operations, the Trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future.

**d) Value Added Tax**

All figures stated in the accounts are inclusive of valued added tax where applicable.

**e) Income**

All incoming resources are included in the Statement of Financial Activities on a receivable basis when the charitable company is legally entitled to the income, the receipt of income is probable, and the amount can be quantified reliably.

For legacies, entitlement arises when the charity is aware that probate has been granted. Receipt is normally probable when the executors have established that there are sufficient assets in the estate. Legacy income is recognised when there is entitlement, probability of receipt and can be reliably measured.

**f) Expenditure**

Resources expended are included in the Statement of Financial Activities on an accrual's basis. Fundraising expenditure comprises costs incurred encouraging people and organisations to contribute financially to the charity's work. Governance expenditure comprises all expenditure not directly related to the charitable activity of fundraising, including audit fees. Support costs represent those costs which are wholly or partially in support of on usage.

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**g) Funds**

Unrestricted funds are available for use at the discretion of the trustees to further the general objectives of the company and charity. The charitable company has no restricted funds.

**h) Financial Instruments**

The charitable company 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 charitable company's balance sheet when the charitable company 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 trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at settlement value 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.

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***Derecognition of Financial Assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and the rewards of ownership to another entity.

***Classification of Financial Liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charitable company after deducting all of its liabilities.

***Basic Financial Liabilities***

Basic financial liabilities, including trade and other creditors, 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 market rate of interest.

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 business from suppliers. Accounts 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 at settlement value.

***Derecognition of Financial Liabilities***

Financial liabilities are derecognised when, and only when, the charitable company's obligations are discharged, cancelled, or they expire.

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**i) Investments**

Cash balances with maturities of more than three months have been included within investments in the financial statements.

**j) Cash and Cash Equivalents**

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

**k) Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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 charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**l) Retirement Benefits**

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

**m) Judgements and Key Sources of Estimation Uncertainty**

In the application of the charitable company'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

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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 revisions affects both current and future periods.

**n) Critical Judgements**

We are not aware of any critical judgements or estimates that have had a significant effect on amounts recognised in the financial statements.

**2. INCOME**

	<b>2022</b>	<i>2021</i>
	<b>£</b>	<i>£</i>
Legacies	<b>743,426</b>	<i>348,345</i>
Supporter Development	<b>17,330</b>	<i>71,476</i>
Other Donations	<b>108,056</b>	<i>10,467</i>
Investment	<b>646</b>	<i>58</i>
<b>TOTAL</b>	<b><u>869,458</u></b>	<i><u>430,346</u></i>

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<b>3. EXPENDITURE</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Raising Funds</b>		
Developments and Appeals	<b>8,814</b>	19,949
Other Costs	<b>144,529</b>	123,169
<b>TOTAL</b>	<b>162,464</b>	143,118
 <b>Charitable Activities</b>	 <b>2022</b>	 <b>2021</b>
	<b>£</b>	<b>£</b>
Project Programmes - Science Grants to Cruelty Free International & Cruelty Free Europe	<b>175,557</b>	115,407
Support Costs	<b>104,601</b>	41,361
<b>TOTAL</b>	<b>280,158</b>	156,768
 <b>Support Costs</b>	 <b>2022</b>	 <b>2021</b>
	<b>£</b>	<b>£</b>
Auditors Remuneration - Current Year (excl. VAT)	<b>6,048</b>	4,005
Auditors Remuneration - Over / Under Accrual	-	(2,368)
Auditors Remuneration - Other Fees (excl. VAT)	-	1,025
Auditors Remuneration - VAT	-	801
Committee Expenses	<b>27</b>	98
Other Costs	<b>1,252</b>	1,363
Staffing	<b>14,953</b>	5,164
Allocated to Charitable Activities	<b>(22,280)</b>	(10,088)
<b>TOTAL</b>	<b>-</b>	-

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**3. EXPENDITURE (CONTINUED)**

<b>Staff Cost</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and Salaries	<b>166,702</b>	89,846
Social Security Costs	<b>25,268</b>	16,627
Pensions Contributions	<b>8,652</b>	6,204
<b>TOTAL</b>	<b>200,622</b>	112,677

Five (2021: three) Cruelty Free International staff members worked on behalf of the Trust to deliver a range of outputs; and their salaries were proportionately recharged to the Trust on an *at cost* basis.

- i) Three staff were classified as significant decision-makers at a combined cost of £68,448 (2021: £32,050) during the year.
- ii) No individual earned in excess of £60,000 in the current or previous year.
- iii) Trustee's remuneration for the year £ nil (2021: £ nil).

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>4. DEBTORS</b>		
Accrued Income	<b>783,815</b>	161,634
Prepayments	<b>218</b>	98
<b>TOTAL</b>	<b>784,033</b>	161,732

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>5. CREDITORS</b>		
Trade Creditors	<b>287</b>	728
Cruelty Free International	<b>35,150</b>	18,218
Accruals	<b>9,623</b>	8,537
<b>TOTAL</b>	<b>45,060</b>	27,483

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<b>6. RECONCILIATION OF MOVEMENT IN RESERVES</b>	<b>2022</b>	<i>2021</i>
<b>General unrestricted reserves</b>	<b>£</b>	<b>£</b>
Opening Balance	<b>630,695</b>	<i>510,324</i>
Net Surplus / (Deficit) for the year	<b>426,836</b>	<i>120,371</i>
Closing Balance	<u><b>1,057,531</b></u>	<u><i>630,695</i></u>

**7. GOVERNANCE**

The Trustees did not receive remuneration for their guiding role in the charity's affairs. Executive Committee expenses incurred during the year by four (2021: four) individuals on travel and subsistence, totalled £27 (2021: £98).

**8. RELATED PARTY TRANSACTIONS**

The Organisation works closely with Cruelty Free International, a separate not-for-profit company limited by guarantee. Cruelty Free International is the sole member of Cruelty Free International Trust and hence is therefore its ultimate controlling party. They share the same registered address and co-operate on infrastructure and office space.

Cruelty Free International provides the Organisation with staffing resources for administration and project delivery purposes, and the associated staffing expenses are then recharged to the Organisation at cost. Staff costs and the numbers of Cruelty Free International staff deployed in support of the organisation during the year are set out in Note 3 on page 30.

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The Organisation also works closely with Cruelty Free Europe, a not-for-profit company that has been established and is domiciled in Belgium. Cruelty Free International provides Cruelty Free Europe with staffing resources for administration and project delivery purposes, and the associated expenses are then recharged to the at cost via a grant funding mechanism.

Although Cruelty Free Europe has its own separate board of directors, the General Assembly, its ultimate governing body, is controlled by Cruelty Free International.

The following related party transactions took place during the year:

	<b>2022</b>	<i>2021</i>
	<b>£</b>	<b>£</b>
Science Grant Award to Cruelty Free International	<b>91,184</b>	<i>115,407</i>
Science Grant Award to Cruelty Free Europe	<b>84,373</b>	<i>-</i>
Amount owed to/(from) Cruelty Free International at year end	<b>35,150</b>	<i>18,218</i>
Staff and Administration costs recharged from Cruelty Free International	<b>214,908</b>	<i>130,150</i>