

LANWADES WOODLAND PARK HORSE RACING IMPACT ASSESSMENT

APRIL 2025

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1. INTRODUCTION

- 1.1 This report has been prepared by Lochailort Kentford Ltd in support of the following proposals for the redevelopment of the former Animal Health Trust Research Centre, Kentford, CB8 7UA

“Demolition of existing buildings on site, and phased redevelopment to provide residential units alongside a retail/ commercial/ employment building (Use Class E), conversion of the existing listed stable block to community/ commercial/ employment use (Use Class F2/ E), provision of open space, play space, woodland walks and associated infrastructure and car parking.”

- 1.2 This report draws on the recent appeal decision in relation to the Use Class of the site (reference: APP/F3545/X/23/3334323) against the Council’s refusal to grant a certificate of lawful use that the land is in Use Class E. This appeal decision is currently being challenged by West Suffolk Council with the hearing due to take place on 26th March 2025 however this does not impact our conclusions in respect of this report.
- 1.3 The report is also informed by Mr Ian Dimbylow of RPS who has advised on the Hatchfield Farm proposals between 2006 and 2019 in respect of highways matters.
- 1.4 This report should be read in conjunction with the Planning Statement and Transport Assessment and the other documents that form the planning submission.
- 1.5 The authorised use of the site is as a clinical and research and development use, falling within Use Class E of the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757. Should the Council’s challenge of appeal reference be successful, and the use of the site be Sui Generis, this does not alter the conclusions of this report.
- 1.6 This statement sets out that the site is not an HRI site and the former Animal Health Trust was not specifically linked to the HRI and includes analysis of the impact of the proposed development on the horse racing industry, having regard to the relevant equine related planning policies in the Forest Heath District and St Edmundsbury Local Plan Joint Development Management Policies Document February 2015, emerging local planning policy and other material considerations. It concludes that there is no material adverse impact on the HRI resulting from the proposals.

2. SITE AND SURROUNDINGS

- 2.1 The site is located at the former Animal Health Trust Research Centre, Kentford, CB8 7UA and is approximately 120 acres in size (see site location plan below with site outlined in red).
- 2.2 It was historically occupied in its entirety by the Animal Health Trust (AHT) and used for the purposes and activities of the Trust, primarily for research and development and veterinary clinical purposes. The Animal Health Trust ceased operating on the site in 2020 and the site has subsequently lain vacant.

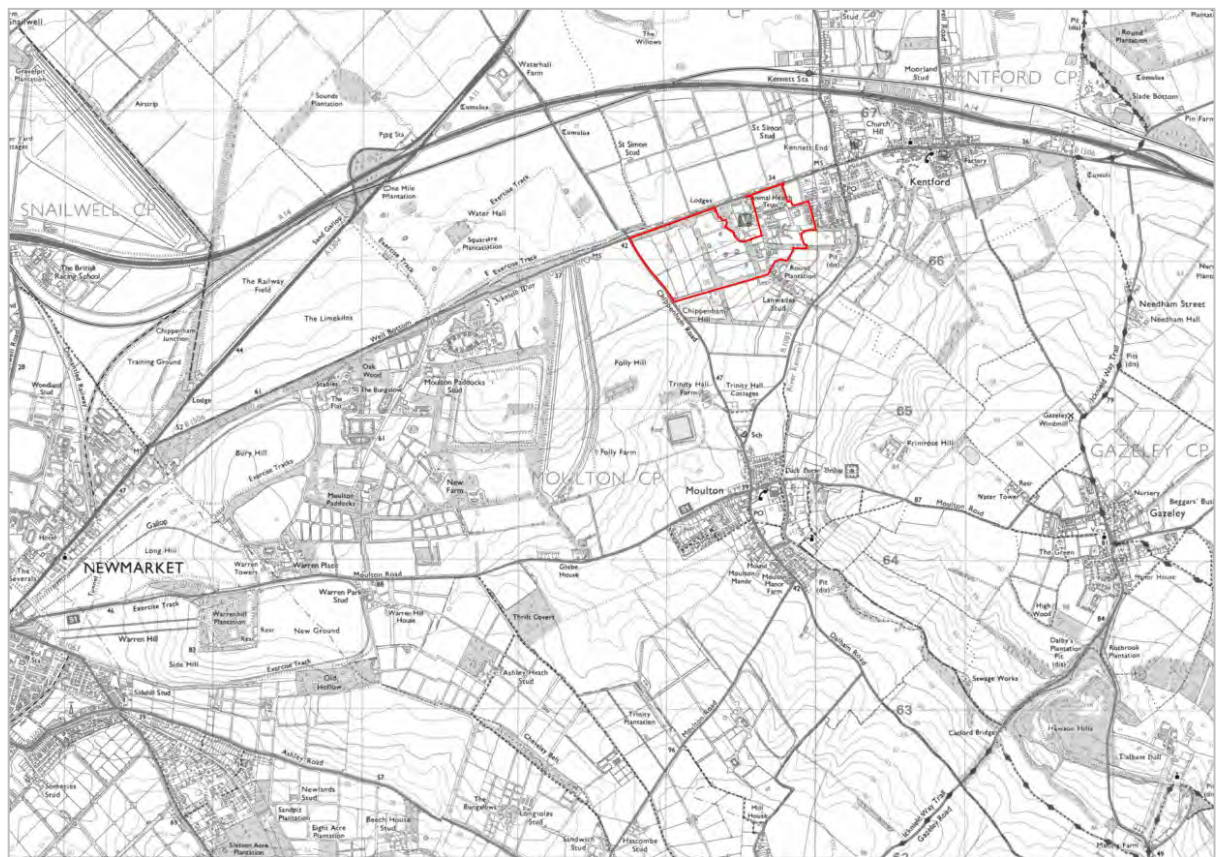


Figure 1: Existing Site Location Plan

- 2.3 The site comprises brownfield land and is situated in a sustainable location adjacent to the western development boundary of the village of Kentford. The site is located approximately 3 miles from Newmarket to the West. Moulton is located 1.5 miles to the south, and Kennet Garden Village is located 1 mile to the north of the site.
- 2.4 Stud/ HRI land is located immediately to the south of the site at Lanwades Stud. Further stud/ HRI land is located to the west of the site opposite School Road, and on the north side of the B1506.
- 2.5 Existing vehicular and pedestrian access points are from B1506 with Sir Graham Kirkham Avenue and Sire Lane. New access points are proposed onto the B1506.

- 2.6 As per the council's adopted policies map, the site is located within the countryside. It has no other designations.
- 2.7 There are 33 existing buildings (as shown in Figure 2 below) across the site 32 of which were used by the AHT. The uses included extensive laboratories and research facilities, the Centre for Small Animal Studies, Cancer Therapy Centre, MRI and x-ray buildings, a visitors' centre, staff accommodation block, offices, a hydrotherapy unit, and associated stables, kennels and barns.
- 2.8 The site is not located within a Conservation Area but contains the Visitor's Centre (a Grade II listed building) that comprise the former stables to Lanwades Hall, itself a Grade II listed house, which is located adjacent to but outside the site. Lanwades Hall is in separate ownership to the appeal site.



Figure 2: Existing Buildings

- 2.9 The site has a very extensive planning history. The planning history for the site can be found in the accompanying Planning Statement.

3. EQUINE PLANNING POLICY

Adopted Planning Policy

- 3.1 The Forest Heath District and St Edmundsbury Local Plan Joint Development Management Policies Document (February 2015) (JDMP) require that a Horse Racing Impact Statement to be submitted with planning applications that may be relevant to the racing industry, in recognition of the importance of the horse racing industry to Newmarket and the surrounding area. The JDMP policies seek to ensure the continued preservation of the HRI in a manner that allows it to be safeguarded whilst also ensuring that sustainable development needs can be met.
- 3.2 Policies DM47 (Development Relating to the Horse Racing Industry), Policy DM48 (Development Affecting the Horse Racing Industry) and Policy DM49 (Re-development of Existing Sites Relating to the Horse Racing Industry) are set out below.

Policy DM47: Development Relating to the Horse Racing Industry

Development relating to the Horse Racing Industry will be permitted provided that:

- a. there is satisfactory evidence of the business viability, functional need for and scale of the proposal;
- b. the development is designed to make a positive contribution to local character and distinctiveness;
- c. the occupation of any residential accommodation is restricted by condition or legal agreement to those directly employed in the day-to-day operation and management at the horse racing establishment; and
- d. access proposals (including for the movement of horses for training) and the impact of all other movements on highway safety and the network capacity for all relevant modes of transport, are acceptable.

Policy DM48: Development Affecting the Horse Racing Industry

Any development within or around Newmarket which is likely to have a material adverse impact on the operational use of an existing site within the Horse Racing Industry (such as noise, volume of traffic, loss of paddocks or other open space, access and/or servicing requirements), or which would threaten the long term viability of the horse racing industry as a whole, will not be permitted unless the benefits would significantly outweigh the harm to the horse racing industry.

Policy DM49: Re-development of Existing Sites Relating to the Horse Racing Industry

The change of use of racehorse training yards, stud farms, racecourses and horse training grounds, including associated residential accommodation (and buildings/land last lawfully used for such purposes) to alternative uses directly related to the Horse Racing Industry will only be permitted if satisfactory evidence is provided that the specific benefit to the Horse Racing Industry outweighs the loss of the existing use.

The change of use of racehorse training yards, stud farms, racecourses, and horse training grounds, including associated residential accommodation or other uses directly related to the Horse Racing Industry (and buildings/land last lawfully used for such purposes) to uses not directly related to the Horse Racing Industry will only be permitted if allocated as a proposal in an adopted local plan.

Permission will only be granted for schemes that conserve and/or enhance the character and appearance of the area and, where relevant and necessary, conditions will be imposed removing permitted development rights to prevent further changes of use.

Emerging Policy

3.3 The emerging West Suffolk Local Plan is expected to be adopted in July 2025 and the West Suffolk Local Plan Submission Draft (2024) includes the following relevant policies:

Policy LP46 Horse racing industry development

Proposals for development relating to the horse racing industry will be permitted provided that:

- a. There is satisfactory evidence proportionate to the scale and type of use, of the business viability, functional need for and scale of the proposal as appropriate.
- b. The development is designed to make a positive contribution to local character and distinctiveness and will not have an unacceptable impact on the historic environment or local amenity.
- c. The occupation of any residential accommodation is restricted by condition or legal agreement to key workers essential to the day-to-day operation and management of the horse racing establishment.
- d. Proposals for development in the countryside:
 - Do not result in the irreversible loss of best and most versatile agricultural land.
 - The scale of development is sensitively integrated into the surrounding area and does not have a significant detrimental impact on visual amenity of the landscape, or nature conservation interests.
- e. Proposals include detailed consideration of the movement of horses to and from training, highway safety, network capacity and accessibility for all modes of transport, opportunities for more sustainable travel links, including active travel, and measures to reduce any transport impacts of the proposal to an acceptable level to the local highway authority. Proposals that create additional travel, of both people and horses must submit a sustainable transport statement or a workplace travel plan appropriate to the scale and impacts of development in accordance with current Suffolk County Council travel plan guidance.

Policy LP47 Development affecting the horse racing industry

Any development within or around Newmarket which is likely to have a material adverse impact on the operational use of an existing site within the horse racing industry (such as noise, air quality, volume of traffic, loss of paddocks or other open space, horse movements, access and/or servicing requirements), or which would threaten the long term viability of the horse racing industry as a whole, will only be permitted in exceptional circumstances and where it is demonstrated the benefits would significantly outweigh the harm to the horse racing industry.

Proposals shall include detailed consideration of the movement of horses to and from training, highway safety, network capacity and accessibility for all modes of transport, and measures to reduce any transport impacts of the proposal to an acceptable level to the local highway authority

Policy LP48 Change of use and development of horse racing industry sites

The change of use of racehorse training yards, stud farms, racecourses and horse training grounds, including associated residential accommodation (and buildings and/or land last lawfully used for such purposes) to alternative uses directly related to the horse racing industry, will only be permitted in exceptional circumstances and where it is demonstrated the benefit to the horse racing industry outweighs the loss of the existing use.

The change of use of racehorse training yards, stud farms, racecourses, and horse training grounds, including associated residential accommodation or other uses directly related to the horse racing industry (and buildings and/or land last lawfully used for such purposes) to uses not directly related to the horse racing industry, will only be permitted if allocated as a proposal in an adopted local plan.

Permission will only be granted for schemes that conserve and/or enhance the character and appearance of the area and, where relevant and necessary, conditions will be imposed removing permitted development rights to prevent further changes of use.

4. PLANNING ASSESSMENT

Whether the site is an HRI Use

- 4.1 Adopted policies DM47 and DM49, and emerging policies LP46 and LP48 relate specifically to horse racing industry sites.
- 4.2 This matter was fully considered at the Public Inquiry held between 16 – 18 April 2024 following the Council's refusal to issue a Certificate of Lawful Use for the site in Use Class E. At the Inquiry, the Council defended their position (unsuccessfully) and The Jockey Club appeared as a Rule 6 Party, and fully engaged in the appeal process and were represented by Counsel. They did not however call an expert witness, and as such their Proof of Evidence was not tested through cross-examination. Nevertheless, their Counsel cross examined Lochailort Kentford Ltd's witnesses, and issued a Closing Statement.
- 4.3 On 30th May 2024, the Planning Inspector issued a Certificate of Lawful Existing Use that the use of the site (Former Animal Health Trust Research Centre, Kentford, Newmarket, CB8 7UA) is in Use Class E. West Suffolk Council are currently challenging this decision however, in her decision, the appeal inspector was very clear as to whether the site can be considered as being a Horse Racing Industry site.
- 4.4 The Jockey Club's position, in brief, was that the former Animal Health Trust was not in Class E use as it had a distinctly equine character, function and purpose and was part of the Newmarket Equine Cluster, a globally unique horsebreeding and racing cluster recognised in local planning policy terms.
- 4.5 The Inspector was however clear in her decision (see Appendix 1) as follows:

"Horse racing industry use/Newmarket Equine Cluster

24. From the list of agreed activities, I see nothing to suggest that the AHT were more closely linked to horse breeding and racing than to any other small animal breeding and associated activities. The AHT may well have received funding and donations from sources actively involved with horse breeding and racing, but funding sources do not necessarily correlate to the primary activities being carried out. I acknowledge the AHT has been directly responsible for the development and production of equine vaccines and equine therapies, amongst other equine matters. However, this does not necessarily mean they are part of the Newmarket Equine Cluster or an integral part of the HRI. Even if it did, referring to the 'Newmarket Equine Cluster' and 'HRI' is no different to referring to the car manufacturing industry or suggesting there is a West Midlands/Birmingham Car Manufacturing Cluster. These are nothing more than labels applied, in this instance, for planning policy purposes. It would have no bearing on the primary activities to which the appeal site is put."

- 4.6 The Inspector's conclusion was therefore that the primary use on site was not equine-related, that the site was not an integral part of the HRI or part of the Newmarket Equine Cluster, and that this label would have no bearing on the activities that took place on site.

- 4.7 This conclusion stands regardless of the outcome of the High Court challenge. Furthermore, The Jockey Club has instructed Counsel in regard to the High Court challenge and does not seek to challenge this element of the appeal decision.
- 4.8 On this basis, and regardless of the outcome of the High Court Challenge, Policy DM49 and draft Policy LP48 are not relevant in this instance, as the site is not a horse racing industry use.

Impact of the Proposals on the HRI

- 4.9 Policy DM48 states that any development within or around Newmarket which is likely to have a material adverse impact on the operational use of an existing site within the Horse Racing Industry (such as noise, volume of traffic, loss of paddocks or other open space, access and/or servicing requirements), or which would threaten the long term viability of the horse racing industry as a whole, will not be permitted unless the benefits would significantly outweigh the harm to the horse racing industry.
- 4.10 The above section confirms that the former AHT use on the site was not an HRI use. It did however comprise a substantial operation in this location. The AHT employed some 300 people on site, and between 300 and 500 people visited the site on a daily basis including, but not limited to, deliveries, owners bringing their animals to the site, couriers collecting and delivering samples, waste and clinical waste collection, as well as general members of the public who would use the café at the visitor's centre, and the woodland walks around the site. This activity is confirmed by the Statutory Declarations submitted as part of the Appeal, and Charities Commission and Accounts which are included at Appendix 2.
- 4.11 The site covers circa 120 acres and includes 32 principle buildings and was used by the AHT in its entirety. The below table identifies the use of each of the buildings on site:

Table 1: Existing Buildings on the Site

Building 1	Lab 1	Office associated with Research Use
Building 2	Lab 2	Research Use
Building 3	Lab 3	Research Use
Building 4	Lab 4	Processing office associated with Research Use
Building 5	Lab 5	Office associated with Research Use
Building 6	Lab 6	Office associated with Research Use
Building 7	Dutch Barn	Barn associated with Research Use
Building 8	Offices	Office associated with Research Use
Building 9	Offices	Office associated with Research Use
Building 10	Barn	Barn associated with Research Use
Building 11	Centre for Small Animals	Research and Clinical Use
Building 12	Radiotherapy Building	Research and Clinical Use
Building 13	MRI Building	Research and Clinical Use
Building 14	X-Ray and Scintigraphy	Research and Clinical Use
Building 15	Visitors' Centre (including 1 lecture theatre, offices, meeting cafe and reception)	AHT Site Wide Use
Building 16	Store	Store associated with Clinical Use

Building 17	Hydrotherapy Building	Research and Clinical Use
Building 18	Kennels	Kennels associated with Clinical Use
Building 19	Office Building	AHT Site Wide Use
Building 20	Accommodation Building	AHT Site Wide Use
Building 21	Store and Generator	AHT Site Wide Use
Building 22	Exercise / Treadmill Unit	and Clinical Use
Building 23	Stables	Stables associated with Research and Clinical Use
Building 24	Stables	Stables associated with Research and Clinical Use
Building 25	Stables	Stables associated with Research and Clinical Use
Building 26	MRI Barn	Research and Clinical Use
Building 27	Forge Barn	AHT Site Wide Use
Building 28	Store / Barns	Stables associated with Research and Clinical Use
Building 29	Stables	Stables associated with Research and Clinical Use
Building 30	Isolation Stables	Stables associated with Research and Clinical Use
Building 31	Vaccine Centre	Research Use
Building 32	Paddock Barn	Stables associated with Research Use

- 4.12 The activity that took place on site when the AHT was in use was therefore substantial and the potential impact of the proposals on HRI uses must be viewed in this context.
- 4.13 In terms of Highways impact, this is fully addressed in the Transport Assessment that accompanies the planning application, but in short it there will be some residual traffic movements using the A1304 Bury Road into Newmarket. It is acknowledged that traffic on the A1304 passes through horse crossings at the Severals, and other town centre horse crossings beyond. The AM peak is considered when reviewing movements through the horse crossings as this coincides with horse movements across the town.
- 4.14 With the dispersal of traffic from the site the Detailed application anticipates a change in flow in the AM peak on Bury Road of 17 vehicles towards Newmarket and 9 vehicles away from Newmarket. The analysis of the existing site suggests that 21 AM Peak trips were generated by the AHT to and from Newmarket, a net change of 5 vehicles. This level of change is not considered to justify further analysis.
- 4.15 The Hybrid application is expected to generate 49 vehicles towards Newmarket and 32 vehicles away from Newmarket in the AM peak hour. The analysis of the existing site suggests that 21 AM Peak trips were generated by the AHT to and from Newmarket, a net change of 60 vehicles across the peak hour. Bury Road carries circa 1000 vehicles per hour in the AM Peak. At one vehicle per minute, or around 6% change, this level of change is not considered to justify further analysis.
- 4.16 Consequently, this limited change in traffic flow through the Severals Horse Crossing is not considered to cause any material impact on the Horse Racing Industry.
- 4.17 The Transport Assessment therefore concludes that there is no material adverse impact on the local highway network that would impact HRI uses, with particular regard to the horse crossings in Newmarket, as compared to the AHT use.
- 4.18 With regard to impacts on the adjacent studland, this is considered to be negligible.

- 4.19 The Lanwades Stud is located directly adjacent to part of the southernmost boundary of the site. The boundary is flanked by substantial tree belts the whole way along. These vary in depth of between circa 10m to 40m.
- 4.20 Plots 234 – 236, and 253 and 254 lie adjacent to Lanwades Stud paddocks along this boundary and their gardens flank the woodland belt along this boundary. The garden buffer plus the woodland will minimise any potential disturbance from these 5 units. There is no public access within these woodland belts. Further along this boundary is the main built up part of Lanwades Stud and a track separates the woodland belts from paddock land beyond. There is public access along the southern boundary tree belt within the western site.
- 4.21 HRI land lies to the west of the site and is separated by School Road, and the St Simon's Stud is located to the north of the site and is separated by the B1560. These studs are both bound by main roads, including the A14 in respect of the St Simon's Stud.
- 4.22 It is considered that the relationship of houses lying adjacent to paddocks/ studland, and housing separated from paddocks/ stud land by roads is a common one across the district, with many examples within and around Newmarket. The impact on this land will be negligible particularly taking account of the former AHT use on site in respect of traffic and noise.

5. CONCLUSION

- 5.1 The above demonstrates that the site is not in an HRI use, and that when compared to the former AHT use on site, and the extant use of the site, the proposed development would not have a material adverse impact on the operational use of an existing site within the Horse Racing Industry.

Appendix 1



Appeal Decision

Inquiry held on 16 to 18 April 2024

No site visit made

by M Madge Dip TP MA MRTPI

an Inspector appointed by the Secretary of State

Decision date: 30/05/2024

Appeal Ref: APP/F3545/X/23/3334323

Land at the Former Animal Health Trust Research Centre, Kentford
CB8 7UA

- The appeal is made under section 195 of the Town and Country Planning Act 1990 (as amended) against a refusal to grant a certificate of lawful use or development (LDC).
 - The appeal is made by Lochailort Kentford Ltd against the decision of West Suffolk Council.
 - The application ref DC/23/1319, dated 10 August 2023, was refused by notice dated 13 October 2023.
 - The application was made under section 191(1)(a) of the Town and Country Planning Act 1990 as amended.
 - The use for which a certificate of lawful use or development is sought is use of the land for Class E purposes.
-

Preliminary Matters

1. The Jockey Club (TJC), acting on behalf of the horse racing industry (HRI), was granted Rule 6 status. While written submissions were made and they had legal representation at the Inquiry, no witnesses were called to further their case. Their written submissions were not tested and will therefore carry less weight.
2. A pre-inquiry site visit took place on Monday 15 April 2024. Representatives for the rule 6 party were unavailable to attend and I was accompanied by representatives for the appellant and the Council. The purpose of the site visit was to familiarise myself with the layout of the site and the buildings with a view to furthering my understanding of how they had been used by the Animal Health Trust (AHT).
3. The inquiry sat for 3 days. Factual evidence was given under affirmation.
4. Lanwades Hall, its associated gate lodges (East Lodge and West Lodge) and its wall garden are Grade II listed buildings. They **formed part of the AHT's land** holding until 2016 when they were sold. **The former visitor's centre is** also a Grade II Listed Building. This building was the former stables to Lanwades Hall. There is no statutory requirement for me to have regard to the heritage asset status of these buildings in the formulation of my decision.

Background

5. The appeal site is located at the former Animal Health Trust Research Centre, which is approximately 120 acres in size and located on the western periphery

of the village of Kentford. It is a matter of common ground that there are 32 buildings located within the site¹.

6. The existing buildings have been used for a variety of purposes including laboratories, a Centre for Small Animal Studies (CSAS), a Centre for Equine Studies (CES), Cancer Therapy Centre, MRI and x-ray buildings, a visitors' centre, intern accommodation building, offices, a hydrotherapy unit, and associated stables, kennels and barns. There is an extensive planning history relating to the site², and there is no dispute that the existing buildings are lawful.
7. The AHT ceased its activities on the site in 2020 and the site has subsequently lain vacant. It is a matter of common ground that there has been no intervening use of the land **between the AHT's closure and the date the LDC application was made.**

Reasons

8. The main issue **is whether the Council's** refusal to grant a lawful development certificate for the existing use of land for Class E purposes was well founded. This turns on whether the appellant can show that the use of the appeal site for Class E purposes was lawful on the date of the application. As the matter relates to a use of land, the relevant period is 10 years, and the material date is therefore 10 August 2013. Any continuous 10-year period is relevant. An LDC appeal must be considered solely based on fact and law, and irrespective of planning merits.
9. The onus of proof is on the appellant to show, on the balance of probability, that the use for Class E purposes began on or before the material date. The use also must have been continued without significant interruption for 10 years. Bearing in mind that AHT did not operate for approximately 3 years preceding the date of the LDC application, it would have to be shown that the AHT had operated from or before 10 August 2010 for the use to have endured for a relevant 10-year period.
10. Section 191(5)(b) of the 1990 Act requires that, if a lawful development certificate is granted, it shall include a description of the use in question and where any use falls within a specified use class, that use class shall be referenced. Further, the planning practice guidance (PPG) clarifies that an application needs to describe precisely what is being applied for and not simply the use class.
11. The application form³ only describes the existing use as falling within Use Class E. The section of the form requiring a full description of each existing use for **which the certificate is being requested directs the reader to 'see covering letter'.** While the Council's refusal of the certificate describes the existing use as **'a use falling within Use Class E', we know from the PPG that such a** description is insufficiently precise. Furthermore, Use Class E (Commercial, Business and Service) is wide ranging.

¹ Statement of Common Ground Addendum March 2024

² CD1.18

³ CD1.2

12. The purpose of the certificate was discussed at the Inquiry. Paragraph 13 of the covering letter⁴ refers **to the primary use of the site as being 'a research centre with associated veterinary/clinical practices, and education activities (Use Class E)'**. When asked if this provided a sufficiently precise description of the use being applied for, the parties indicated that **'research centre'** is too broad a term, therefore requiring further precision. It was also agreed that there is no need for the use for which a certificate is being sought to include associated, ancillary or incidental uses. The parties did not agree a form of wording, instead leaving it to me to decide, based upon the evidence heard. I shall return to this point in due course.

The Planning Unit

13. Where what use land and buildings have been put to is being considered, it is first necessary to determine whether there is a single planning unit or multiple planning units. In *Burdle*⁵ it was held that the planning unit is usually the unit of occupation, unless a smaller area can be identified which, as a matter of fact and degree, is physically separate and distinct, and occupied for different and unrelated purposes. The concept of physical and functional separation is key, and Bridge J suggested 3 broad categories of distinction:
- i. Where it is possible to recognise **a single main purpose of the occupier's** use of his land to which activities are incidental or ancillary, the whole unit of occupation should be considered the planning unit.
 - ii. Even though the occupier carries on a variety of activities, and it is not possible to say that one is incidental or ancillary to another, the entire unit of occupation should be considered the planning unit, in mixed use.
 - iii. Where there are 2 or more physically separate and distinct uses, occupied as a single unit but for substantially different and unrelated purposes, each area used for a different main purpose (together with its incidental and ancillary activities) ought to be considered a separate planning unit.
14. The AHT own and occupied all the land and buildings. While there are fences and hedgerows present, they constitute landscaping features within the site rather than providing physical barriers between activities being undertaken. Some buildings were used for specific purposes, but those purposes formed part of a larger overarching purpose. For example, the hydrotherapy building was used amongst other things for the rehabilitation of dogs following treatment in the CSAS, staff employed throughout the site would take meals at the café in the visitor centre, and research findings and practices would be disseminated through the operation of continuing professional development (CPD) lectures and courses held in meeting rooms located in various buildings across the site.
15. We heard from Toni-Ann Hammond and Heather Ewence that while specific types of research, development and clinical activities took place in specific buildings, employees, visitors and animals would move around the site and between buildings. They also told us how research conducted would be put into practice within the CSAS and the CES and other buildings. Demonstrating functional connectivity between the activities undertaken.

⁴ CD1.5

⁵ *Burdle v Secretary of State for the Environment* [1972] 1 WLR 1207 (Div Court)

16. The unit of occupation is therefore the whole appeal site. While the Council initially argued that there was no need to determine the extent of the planning unit, having heard the evidence of the **appellant's witnesses, they conceded** that there is a single planning unit. For the reasons given above, I concur.
17. The matters in dispute are whether this single planning unit was used for a single primary use or a mixed use comprising of two or more primary uses and whether that single or composite use falls within the definition of Class E of the Town and Country Planning (Use Classes) Order 1987 (as amended) (the UCO).

Case for the appellant

18. **It is the appellant's case that all the AHT's activities** fell within the single primary use of research and development of products and processes, a use that now falls within Class E (g) (ii) of the UCO. The clinical services and professional education for those working, and interested in, the field of animal health are claimed to be ancillary uses.
19. In the alternative, the appellant argues, if I find that clinical services are also a primary use, then it too falls in Class E. They maintain the professional education activity is an ancillary use.

Case for the Council

20. The Council contends the clinical services do not fall within Class E(e) as the medical and health services were not provided principally to visiting members of the public. They also contend the scientific research was pure research and did not lead to the development of products or processes as required by Class E(g)(ii). Furthermore, they argue the employment of interns and regular provision of CPD courses are a primary education use. **It is the Council's case** therefore that the activities of the AHT fell into 3 distinct primary uses, clinical activities, scientific research, and education, amounting to a mixed use.

Case for the Rule 6 Party

21. TJC has a long-standing commitment to Newmarket in terms of horse training, racing and breeding. They argue that a strong Newmarket is critical to the sustainability of British horse racing. TJC act as agent for the HRI in certain town planning issues to promote and protect the long-term sustainability of the HRI in and around Newmarket. TJC claim that development pressure in and around Newmarket is slowly eroding the scope to operate this complex industry. Development pressure is not however a matter before me for consideration.
22. TJC claim, since the AHT was established in 1946, it has been intertwined with **Newmarket's** horse breeding and racing cluster. TJC claim the AHT has benefitted from funding provided by patrons for the betterment of treatment for horses; notably **the AHT began due to the gifting of Lady Yule's Newmarket stable in 1946 to serve as the country's** first Equine Research Station⁶. Due to the distinctly equine character, function and purpose of the AHT activities, TJC contend that they do not fall within Class E(g), E(c) or E(e). Instead, TJC argue AHT is part of the Newmarket Equine Cluster, a globally unique horse breeding and racing cluster recognised in local planning policy terms.

⁶ CD1.17 A history of the Animal Health Trust by Richard Onslow

Whether this single planning unit was used for a single primary use or a mixed use comprising of two or more uses

23. The AHT's mission statement states "our approach is to develop new technology and knowledge for the better diagnosis, prevention and cure of disease; to provide a clinical referral service for veterinary surgeons in practice; to promote postgraduate education and to communicate our findings to others." Paragraphs 5.11 to 5.22 of the SoCG⁷ set out and provide lists of the research, clinical and educational uses that have occurred on the appeal site since 1942 to 2017. I shall take these as a summary of the activities undertaken by the AHT.

Horse racing industry use/Newmarket Equine Cluster

24. From the list of agreed activities, I see nothing to suggest that the AHT were more closely linked to horse breeding and racing than to any other small animal breeding and associated activities. The AHT may well have received funding and donations from sources actively involved with horse breeding and racing, but funding sources do not necessarily correlate to the primary activities being carried out. I acknowledge the AHT has been directly responsible for the development and production of equine vaccines and equine therapies, amongst other equine matters. However, this does not necessarily mean they are part of the Newmarket Equine Cluster or an integral part of the HRI. Even if it did, referring to the '**Newmarket Equine Cluster**' and '**HRI**' is no different to referring to the car manufacturing industry or suggesting there is a West Midlands/Birmingham Car Manufacturing Cluster. These are nothing more than labels applied, in this instance, for planning policy purposes. It would have no bearing on the primary activities to which the appeal site is put.

Research and development of products or processes

25. It is a matter of common ground that research and development of products and processes occurred on some level **as part of the AHT's** activities. This was confirmed by Toni-Anne Hammond, who gave examples of research projects and their outputs; including developing and producing a duck hepatitis vaccine, successive forms of equine herpes virus vaccines and influenza virus vaccines updated to respond to changing mutations of the viruses, a PCR test for strangles, a PCR test to detect viral and bacterial nucleic acid, ELIZA⁸ tests for equine viral arteritis and for antigens to equine influenza, genetic testing (all canine genetic testing currently used worldwide was developed at the AHT facilities), and therapies for sport horses exposed to high humidity. Heather Ewence went on to explain research projects and outputs involving the Welsh mountain ponies for which she was responsible. Further snapshots of the research and development achievements are found in the various Trustees Reports, in particular those found in CD1.60 to 1.62.
26. Research carried out by the AHT resulted in and contributed to the development and refinement of vaccines, drugs, therapies, treatments and new means of animal breeding, handling and husbandry. The appeal parties acknowledge that some research projects resulted in the advancement of knowledge rather than the production of a vaccine, drug, test or new technique in animal welfare. In such cases, research papers would be published in

⁷ Statement of Common Ground February 2024 Pages 10 - 12

⁸ Enzyme-linked immunosorbent assay (ELIZA)

professional journals. The Trustee Reports confirm the volume of research papers and other publications produced. The research set out in these publications would no doubt contribute to the furtherance of understanding in the wider scientific community. I find these research papers therefore to be a product resulting from research undertaken by the AHT.

27. In addition to the outputs identified above, the Trustee Reports and witness evidence confirm that some staff were employed purely for research and development purposes. Furthermore, some of the 32 buildings were also used primarily for research and development purposes, such as the laboratories and the Allen Centre. **A significant proportion of the AHT's expenditure and income** related to research and development activities.

Clinical Services

28. I heard how the clinical activities were generally carried out by clinicians, scientists and other staff who were engaged in research and development projects being undertaken by the AHT as well as the implementation of those treatments and therapies. Animals treated within the CSAS and CES did so, primarily, on a referral basis from their own veterinarian. The treatment of these animals is identified as an essential element of furthering **the AHT's** knowledge about disease and injury. The knowledge gleaned was then applied to improving diagnosis, prevention and treatment of infections, non-infectious and inherited diseases.
29. Animals attending and being treated at the CSAS and the CES were not however sought out specifically to take part in research and development projects. While their attendance and treatment did, no doubt, contribute to advancement of **the AHT's** processes, treatments and therapies, the purpose of their attendance was to be treated to improve their own health and welfare.
30. In addition, the Trustee Reports and witness evidence confirm that some staff were employed purely for veterinary purposes. Furthermore, buildings such as the hydrotherapy building, MRI barn, kennels and some stables were used primarily in connection with clinical services. A greater **proportion of the AHT's** expenditure and income related to clinical services.

Education

31. There is no suggestion that the appeal site is an educational institution such as a school, college or university. Further, it is agreed between the appellant and Council that educational and training activities take the form of (a) dissemination by AHT staff of research and the outputs of research to other professionals in the animal health field, including dog breeders to a limited extent, continual professional development (CPD), and (b) the placement with AHT of interns and post-graduate students.
32. It is common ground that the CPD sessions amounted to approximately 22 over the course of a year. Sessions were either day or evening events and catered for in-house training, and research and best practice sharing. Dr Mellersh's statutory declaration states that the dissemination of information to dog breeders arising from her genetic research team occurred 3 to 4 times per year. Interns and PHD students amounted to approximately 5% of the total workforce. In addition, it is agreed that AHT staff published 144 papers, e-pubs

and conference abstracts in 2017. This figure is comparative with figures in other years.

33. It is common ground that the lecture theatre, located in the Visitor Centre, was use for educational purposes only. No staff are employed solely for educational purposes. The interns and PHD students had full time jobs with the AHT, which facilitated their on-going education. A small **proportion of the AHT's** expenditure and income related to education.

Primary and/or Ancillary use(s)

34. The primary use of land or a building is, as the term implies, the main use or activity that is carried out by the occupier. The essential characteristic of an ancillary use is that there should be some ordinarily functional relationship between it and the primary use. The SoCG, at paragraph 5.8, confirms that the **appellant and Council's agree** with this approach. The courts have also held that size or scale of a use is not necessarily determinative as to whether a use is ancillary.
35. Much was made of the staffing levels, proportion of buildings used and income and expenditure on specific areas of the business. However, these are not determinative in the identification of the primary use of the appeal site.
36. The main purpose of the AHT was the development of technologies and knowledge to better diagnose, prevent, and cure animal diseases. The list of products and processes set out in 5.12 to 5.15 of the SoCG shows that this was a fundamental activity of the AHT. Having regard to Section 191(5)(b) of the 1990 Act, I therefore find that the research and development of animal health and welfare products and processes was a primary use.
37. The evidence shows operational links between the research and development of animal health and welfare products and processes and the clinical services in terms of the staff undertaking the work and the advancement in treatments and therapies. However, animals being treated in the CSAS and the CES were primarily brought to the facility for treatment by their owners, as opposed to taking part in specific research projects. The products and processes developed by the AHT could be administered to animals elsewhere by other animal healthcare professionals. The provision of specialist veterinary services by the AHT does not therefore, in my judgement, have an ordinarily functional relationship with the research and development of animal welfare products and processes. Having regard to Section 191(5)(b) of the 1990 Act, I therefore find that clinical services comprising of animal health and medical services was a primary use.
38. Turning to the educational activities, the agreed activities were carried out as a direct result of the two primary activities. CPD is a fundamental part of any business, particularly in one where a key component is to develop new technology and knowledge for better diagnosis, prevention and cure of disease, and the promotion of treatments and therapies to improve animal health and welfare. The educational activities would not have occurred independently of the two primary activities. Educational activities are therefore, in my judgement, an ancillary use.

39. The Trustee Reports also show that there has been no significant change to the intensity of each of the component uses between 2010 and 2020, which I take to be the relevant 10-year period.
40. For these reasons, I find that the clinical services were not ancillary to the research and development of animal health and welfare products and processes. The education activities were however ancillary to both those primary uses.
41. Having identified there are two primary uses, it is necessary to determine whether they fell within none, one or more defined use Class.

The Town and Country Planning (Use Classes) Order 1987 (as amended) and Use Class E: Commercial, Business and Service

42. The UCO specifies different Classes of use for the purposes of paragraph (f) of s55(2) of the 1990 Act, so that a change of use within the same use Class is not to be taken to involve development of land. Its effect is to specify that a change of use from an old use to a new use, which both fall within the same Class is not development. The concept of the UCO requires that it be applied to a single definable use of land or building and not a composite use, unless there is a single dominant use and others are ancillary uses.
43. Class E is wide ranging and encompasses uses that previously fell into several different Classes such as shops, financial services, business, indoor sports, etc. **Class E also provides that "use, or part use" for any of those purposes** falls within the Class. The PPG specifies that Class E provides for use, or part use, for all or any of the purposes set out in the Class⁹. Movement from one primary use to another within the same use class is not development.
44. Where primary uses fall out with a use class or comprise more than one primary use falling within different use classes, they are *sui generis* uses. While a mixed use would normally be a *sui generis* use, the introduction of Class E now means that uses that have significantly different characteristics could fall within a single use Class and would no longer form a mixed or *sui generis* use.
45. While some of the research activities carried out by the AHT may not have led to the development of products and/or processes by them, that was not their fundamental aim. Furthermore, the publication of their research would have contributed to others developing products and processes. As a matter of fact and degree, I find that the research and development of animal health and welfare products and processes, including research papers, fall within use Class E(g)(ii).
46. Clinical services comprising of animal health and medical services would generally be considered veterinary services, and this is not specified in any use Class. Use Class E(e) is however 'for the provision of medical or health services, principally to visiting members of the public'. It is not disputed that the AHT provided medical and health services. Key to determining whether the **AHT's clinical service fall within Class E(e)** is what is meant by 'principally to visiting members of the public'.
47. The Council contend that, 'principally to visiting members of the public', means that the services are provided mainly to members of the public who can and do

⁹ PPG paragraph: 12 Reference ID: 13-012-20140306

walk in off the street without restriction. They directed me to various legal authorities.

48. In *Karla v SSE* (1996) 72 P&CR 423 the Court of Appeal considered whether a solicitors office fell within Class A2 (which included the provision of professional services to visiting members of the public) or Class B1 (which included use as an office other than an A2 use). The Inspector had rejected the appeal partly on the basis that a solicitors' **office would not be 'appropriate to provide in a shopping centre'**. **The court held this** was an error in law as the requirement that a service be appropriate in a shopping area only applied to Class A2(c): other services. It did not apply to financial and professional services, where the test was providing services principally to visiting members of the public. It was found that the use of an appointments system did not necessarily mean that services are not provided to visiting members of the public.
49. In *R v Thurrock Borough Council, ex parte Costco* 1993 WL 964266 (1993), **planning permission for a 'warehouse club for the sale of goods was challenged** on the ground that it was effectively an A1 retail use, which was contrary to policy. The warehouse club was open only to members, who had paid a subscription and were **either a 'Business Member' or a 'Private Member'**. Schiemann J held this meant it was not an A1 retail use **as 'if there** is a restriction on those who can come and buy then the premises are not prima facie properly described as being used for the sale of goods to visiting members of the public and in consequence do not fall within Class A1 of the **order...'**
50. In *R v LB Kensington and Chelsea, ex p Europa Foods Ltd* 1996 WL 1090308 (1996) a similar question to *Thurrock* arose but this time in relation to whether the use of auction rooms was within Class A1, and whether sales in an auction room **were to 'visiting members of the public'**. Macpherson J held that they were within Class A1 as there were no restrictions upon visiting members of the public, as in *Thurrock*.
51. The AHT did not provide a general veterinary practice, where people might walk in off the street to have their animals treated. There is no dispute that the services offered by the AHT were specialist services, where people brought their animals to be treated on a referral basis. This is no different than people attending a specialist health clinic following referral by their general practitioner. All it means is that people would attend on an appointment basis, which having regard to *Karla*, does not necessarily mean that attendees are not **'visiting members of the public'**. There was no requirement for people bringing their animals for treatment to pay a subscription or to be a member, as in *Thurrock*. I therefore find that the people bringing their animals for treatment **were 'visiting members of the public'**.
52. I acknowledge that the clinical services offered by the AHT included commercial diagnostic services. I heard that while most samples were supplied by post, some were delivered by owners. However, Class E(e) requires the provision of services principally to visiting members of the public [my emphasis], which means that not all services have to be provided to visiting members of the public. Given the amount of accommodation given over to the physical treatment of animals it would be reasonable to conclude this was a primary element of the clinical services on offer. I therefore **find that the AHT's** clinical services comprising of animal health and medical services fall within Class E(e)

for the provision of medical and health services, principally to visiting members of the public.

53. The appeal site is a single planning unit and both primary uses fall within Class E. As provided for in the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757, where a planning unit is used for multiple primary uses falling within Class E, the whole planning unit is in a single use for Class E purposes.

Relevant period

54. The AHT has operated since **the late 1940's. The planning history** shows that, with the exception of the office staff building and intern accommodation building¹⁰, **all buildings were erected before the late 2000's**. From this it is reasonable to conclude that the two primary uses have been carried out for at least 20 years, if not longer, without significant interruption.

Conclusion

55. For the reasons given above I conclude, on the evidence now available, that the Council's refusal to grant an LDC in respect of the use of land for the purposes of research and development of animal health and welfare products and processes and for clinical services, comprising of animal health and medical services (Class E) was not well-founded and that the appeal should succeed. I will exercise the powers transferred to me under section 195(2) of the 1990 Act (as amended).

Formal Decision

56. The appeal is allowed and attached to this decision is a certificate of lawful use or development describing the existing use which is found to be lawful.

M Madge

INSPECTOR

¹⁰ DC/16/2361/FUL

Lawful Development Certificate

TOWN AND COUNTRY PLANNING ACT 1990: SECTION 191
(as amended by Section 10 of the Planning and Compensation Act 1991)

TOWN AND COUNTRY PLANNING (DEVELOPMENT MANAGEMENT PROCEDURE) (ENGLAND)
ORDER 2015: ARTICLE 39

IT IS HEREBY CERTIFIED that on 14 August 2023 the use described in the First Schedule hereto in respect of the land specified in the Second Schedule hereto and edged and hatched in black on the plan attached to this certificate, was lawful within the meaning of section 191(2) of the Town and Country Planning Act 1990 (as amended), for the following reason:

The appellant has shown, on the balance of probability, the appeal site has been used for the purposes of research and development of animal health and welfare products and processes and for clinical services, comprising of animal health and medical services (Class E), without significant interruption for more than 10 years. No enforcement action may be taken because the time for taking enforcement action has expired.

Signed

M Madge
Inspector

Date: [30/05/2024]

Reference: APP/F3545/X/23/3334323

First Schedule

The use of land for the purposes of research and development of animal health and welfare products and processes and for animal health and medical services (Class E).

Second Schedule

Land at Land at the Former Animal Health Trust Research Centre, Kentford,
CB8 7UA

IMPORTANT NOTES – SEE OVER

NOTES

This certificate is issued solely for the purpose of Section 191 of the Town and Country Planning Act 1990 (as amended).

It certifies that the use /operations described in the First Schedule taking place on the land specified in the Second Schedule was /were lawful, on the certified date and, thus, was /were not liable to enforcement action, under section 172 of the 1990 Act, on that date.

This certificate applies only to the extent of the use /operations described in the First Schedule and to the land specified in the Second Schedule and identified on the attached plan. Any use /operation which is materially different from that described, or which relates to any other land, may result in a breach of planning control which is liable to enforcement action by the local planning authority.

Plan

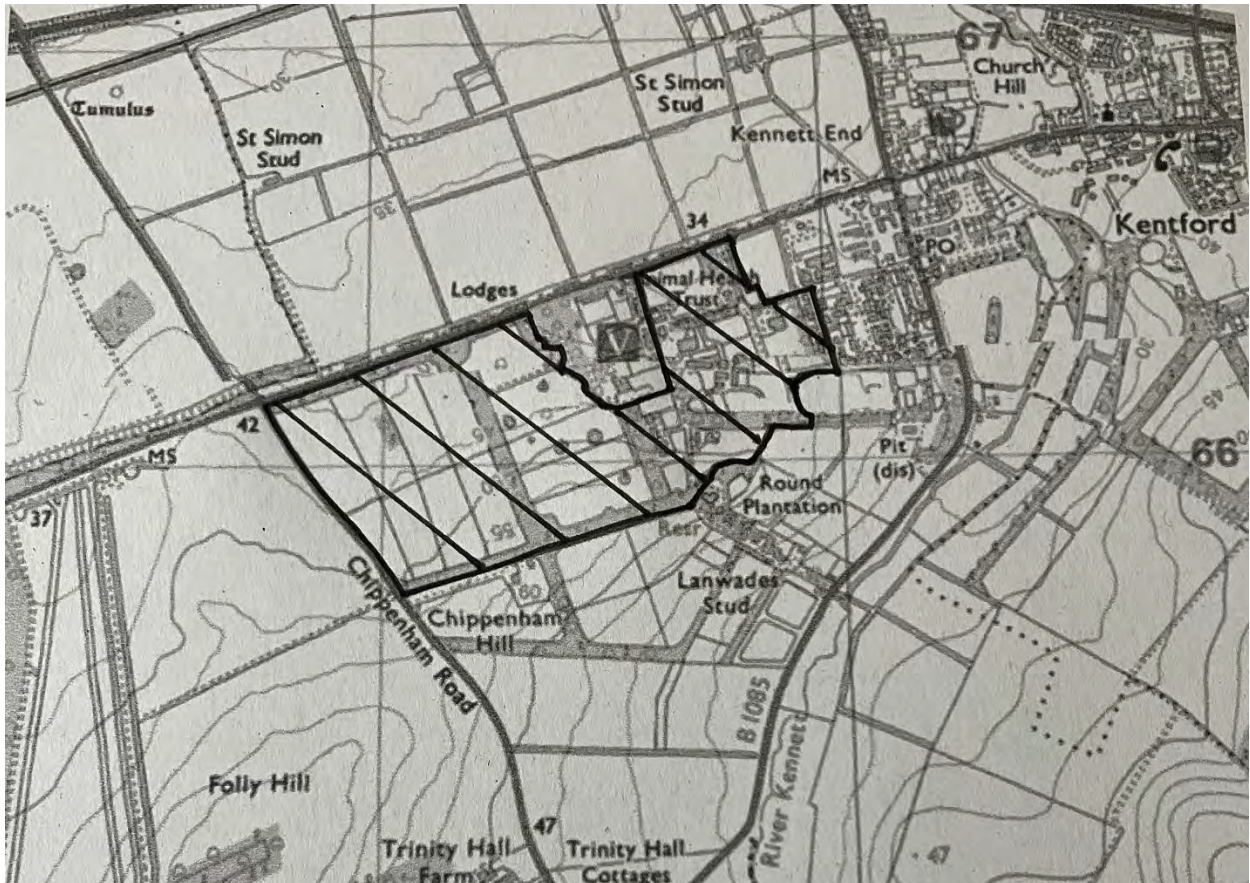
This is the plan referred to in the Lawful Development Certificate dated: [30/05/2024]

by M Madge Dip TP MA MRTPI

Land at: Land at the Former Animal Health Trust Research Centre, Kentford, CB8 7UA

Reference: APP/F3545/X/23/3334323

Scale: Not to Scale



APPEARANCES

FOR THE APPELLANT:

Douglas Edwards KC
Counsel for the appellant

appointed by Sarah Ballantyne-Way
of Lochailort Investments

He called: Toni-ann Hammond AIMLS
Andrew John McGladdery BVMS, CertESM, MRCVS
Heather Anne Ewence MSc
Roger A Hepher BA (Hons) MTP FRICS MRTPI FRSA AAoU

FOR THE LOCAL PLANNING AUTHORITY:

Robin Green
Counsel for the Council

appointed by West Suffolk Council

He called: Amey Yuill MSc

RULE 6 PARTY:

Celia Reynolds
Counsel for The Jockey Club

appointed by Tom Ashley of
Turnberry Consulting Limited

DOCUMENTS

- IN1 Opening statement for the appellant
- IN2 Opening statement for the Council
- IN3 Opening statement for The Jockey Club
- IN4 Summary of Research Activities 2010 - 2016
- IN5 Authorities Bundle
- IN6 Closing submissions for the Council
- IN7 Closing submissions for The Jockey Club
- IN8 Closing submissions for appellant

Appendix 2



Animal Health Trust

Trustees' Report and Accounts

For the year ended 31 December 2016

Registered charity no: 209642
Registered company no: RC000011

Registered office: Lanwades Park, Kentford, Newmarket, Suffolk, CB8 7UU

Council of Management (Trustees)

Honorary Treasurer: Sir John Spurling KCVO OBE

H Salwey CBE TD DL

WR Irving B.Com CA
SP Shore BSc Hons ACA FRSA

J Whalley

Executive Committee

Chief Executive:

Chief Operating Officer & Trust Secretary:

In attendance: SP Shore BSc Hons ACA FRSA

Principal advisers

Bankers

Lloyds Bank Plc
48 High Street, Newmarket
Suffolk, CB8 8LF

Investment managers

Vestra Wealth LLP
14 Cornhill
London, EC3V 3NR

Auditors

RSM UK Audit LLP
Abbotsgate House, Hollow Road
Bury St Edmunds, Suffolk, IP32 7FA

Solicitors

Taylor Vinters LLP
Merlin Place, Milton Road
Cambridge, CB4 0DP

Trustees' Report

Structure, Governance and Management

Animal Health Trust (AHT) was founded in 1942 by [REDACTED] and became incorporated by Royal Charter in 1963. The AHT's aim is to be a leading authority in the understanding of disease and injury in animals through scientific endeavour and its application to their welfare. It is based on one site in Newmarket where the different disciplines of research, education and veterinary services are all undertaken to meet that aim.

AHT is governed by the Council of Management. This consists of Trustees whose names are listed on page two. The Council normally meets four times each year.

The formula for the appointment of Trustees is set out in AHT's Rules. There is a Nominations Committee responsible for annually reviewing the overall skill base of The Council. This ensures there is an appropriate range of skills and backgrounds. The Committee proposes new Trustees for election at the next Annual General Meeting (AGM) and in-between AGMs where appropriate.

At each AGM one third of those Council members who are subject to rotation are obliged to retire. Members of Council retiring at an AGM after five years' service shall not be eligible for re-election until the date of the next following AGM.

Trustee induction training is offered to new Trustees. This includes external courses on the responsibilities of being a Trustee. New Trustees also spend time getting to know the senior staff and understanding the work of the Trust.

Day to day management is entrusted to the Chief Executive, who is also Chair of the Executive Committee. The Executive Committee is comprised of the Chief Executive and five members of the senior management team whose names are listed on page two. The Executive Committee meets at least ten times each year.

Apart from internal management committees, there are currently four advisory (Scientific Advisory, Equine Industry, Ethical Review, Fundraising and Appeals) and three working (Nominations, Remuneration and Audit) committees.

Objectives and activities

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing objectives and activities.

AHT is an independent charity which employs over 250 scientists, vets and support workers. Its principal objectives are to study and endeavour to cure disease in animals and to advance the teaching and practice of veterinary art and science.

AHT:

- develops new knowledge and techniques for the better diagnosis, prevention and cure of disease;
- provides a world-class clinical referral service;
- promotes post-graduate education; and
- communicates its findings to others.

Charitable activities

AHT carries out a range of activities in order to achieve its objectives, which are closely linked for maximum benefit. These activities are grouped under the three main headings of Scientific Research, Clinical Activities and Education.

Scientific Research

The Scientific Research activities are focused on inherited disease and infectious disease. Inherited disease includes genetics, oncology and stem cell. Infectious disease includes bacteriology, virology, immunology and equine epidemiology and disease surveillance.

Clinical Activities

The veterinary clinics provide world class referral services to small animal and equine veterinary practitioners. There are two clinical centres of excellence: the Centre for Small Animal Studies and the Centre for Equine Studies. The services also incorporate diagnostic laboratories and genetic screening services.

Both clinics have active clinical research programmes and, together with the diagnostic laboratories and genetic services, work closely with the research teams to further AHT's scientific developments and achievements. Both clinics are also core to fulfilling AHT's educational objectives.

Education

AHT has a strong commitment to the provision of education and post-graduate training. Its clinics run active internship and residency training programmes and its Continuous Professional Development (CPD) programme has also expanded in recent years to now provide both day courses and evening classes for vets in small animal and equine studies.

AHT Trustees' Report and Accounts 2016

Education (continued)

In 2016, we had 12 students undertaking PhD's or MSc courses, registered through the Universities of Cambridge, Liverpool, Royal Veterinary College and University College London, Manchester, Birmingham and Bologna.

AHT publishes papers detailing its research and clinical findings in journals and online, sharing its knowledge with the wider world for the good of veterinary professionals and scientists. It also has its own free to use library housing the latest journals, publications and findings which is available for use by anyone studying animal health.

AHT is also committed to promoting the welfare of animals directly to the public which is done through provision of information and advice on the care of horses, dogs and cats through a variety of channels including events, print materials, social media and the AHT website.

An in-depth review of AHT's activities can be found in its 2016 Annual Review, available to view at www.aht.org.uk from July 2017.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of AHT and of the surplus or deficit of AHT for that period. In preparing those financial statements, the Trustees are required to:

- Observe the methods and principles in the Charities SORP;
- Select suitable accounting policies and then apply them consistently;
- State whether applicable accounting standards have been followed;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that AHT will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of AHT and to enable them to ensure that the financial statements comply with the requirements of the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of AHT's Royal Charter. They are also responsible for safeguarding the assets of AHT and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Risks and Uncertainties

AHT's management carries out a detailed review of risks annually and the results are reported to the Council of Management. In 2016 the Trustees have assessed the strategic, operational and financial risks to which AHT is exposed, and have identified the following principal risks and uncertainties.

Governance

AHT's Royal Charter dates from 1963, whilst this was added to with a Supplemental Charter in 1992 and AHT's constitutional Rules were updated in 1995 the Trustees have identified a risk that these have fallen behind developments in charity legislation and governance best practice. The Trustees have reviewed and approved a new constitution in the form of its Charter and Rules and are now seeking approval from the Privy Council for those changes to be implemented.

Legacy income

Whilst AHT has a more diverse range of income streams than many other charities, it is reliant on an annual level of legacy income to meet its running costs; there is a risk that reductions in this income stream could materially affect AHT's financial position. The Trustees are attempting to mitigate this risk by building an appropriate level of reserves and by growing and diversifying other fundraising income streams.

Pension schemes

Whilst the most recent actuarial valuation of the closed AHT Pension Scheme as at 5 April 2016 showed a small decrease in the potential funding shortfall to £4.7m (2013: £5.0m) the new recovery plan agreed with the scheme trustee is for slightly increased deficit recovery payments to maintain the 2034 end date of the plan.

The most recent actuarial valuation of the USS scheme deficit had an effective date of 5 April 2014. A recovery plan is currently in place which included an increase, with effect from April 2016, in employer contributions from 16% to 18% of pensionable salaries. The next valuation will be on 5 April 2017 after which a new recovery plan may be required.

The Trustees recognise both the closed AHT scheme and the USS scheme pose significant risks to AHT, though they consider the risks are over the long term, being decades, rather than a material short term risk.

AHT Trustees' Report and Accounts 2016

Principal Risks and Uncertainties (continued)

Brexit

AHT employs and recruits staff including specialist clinicians from a number of EU countries. The Trustees recognise that the UK leaving the EU creates a risk to the ability to continue to fill posts and provide services. The Trustees are monitoring developments closely and joining in with scientific and veterinary umbrella bodies seeking to ensure this risk is recognised by the Government.

The Trustees are satisfied that the major risks identified have been mitigated. However they recognise that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Achievements and Performance – a few highlights from the year

Disease and injury are recognised as the biggest threats to animal welfare. In working to achieve AHT's aims, the Trustees strive to ensure the welfare of, and relieve the suffering of, animals. This has benefits for society as a whole, both in a professional and public context.

Scientific Research – disease and injury in dogs

Fighting inherited disease in dogs

In 2016, AHT launched Give a Dog a Genome, supported by the Kennel Club and individual breed clubs, to create the UK's largest canine genome bank. The genome bank will improve dog health by radically increasing understanding of the canine genome by sequencing the entire genome of a large number of different breeds and will revolutionise canine genetics research.

The data generated will have profound effects on the ability to identify mutations which cause inherited diseases in purebred dogs, and the rate at which new DNA tests can be developed as tools for breeders.

Before selecting which individual dog's DNA should be sequenced for each breed, AHT conducted a self-reported Breed Health Summary by asking Breed Health Coordinators to identify top health concerns amongst the initial 75 breeds involved. Key themes emerging from the health summary were eye diseases, such as progressive retinal atrophy, glaucoma, and epilepsy. These themes are reflected in the first samples to be sequenced, from the Gordon Setter, Picardy Sheepdog, Shetland Sheepdog, Tibetan Terrier, Siberian Husky, Basset Hound, Dandie Dinmont Terrier, Cairn Terrier, Pug, English Bulldog and Italian Spinone breeds.

Fighting cancer in dogs

AHT continues to be the only UK charity with a dedicated canine cancer research team. In 2016, thanks to funding from Zoe's Journey UK, AHT began a new research project into lymphoma, one of the most common canine cancers. AHT is developing a new prognostic test for vets treating dogs with mast cell tumours, the most common type of skin cancer in dogs. In addition, AHT's scientists and vets continue research into five of the most common malignant cancers in dogs to gain a better understanding of how they develop, how they spread and how they respond to treatment.

Scientific Research – disease and injury in horses

AHT's work fighting disease impacts locally and globally. In 2016, when two infectious diseases affected thoroughbred horses in Newmarket, AHT's vets and scientists were on hand to assist and advise on minimising disease spread.

Internationally, AHT participates in a twinning programme, as a World Organisation for Animal Health (OIE) Reference Lab for equine influenza and equine herpes virus, which gives AHT's scientists the opportunity to share knowledge and experience with labs in other countries. Under the programme, AHT acts as the "parent lab" to the National Research Centre for Equines (NRCE), based in Hisar, India. During the last three years AHT has provided training and expertise, aiming to help the NRCE achieve a reliable testing process to detect equine flu that can be readily implemented throughout India.

AHT has been able to help the NRCE team develop and validate their own diagnostic test to detect the equine flu virus in nasal swabs. This test is a great addition as the equipment required and the processes involved are relatively inexpensive, it is excellent for testing large sample numbers and the results can be easily available within a day. Monitoring outbreaks and determining any changes in the pathogen also helps identify strains that may have the potential to cause further outbreaks or vaccine breakdown. The ultimate goal is for the NRCE to become the OIE Reference Lab in India, as presently only Europe and the USA have these facilities. AHT is very proud to provide support not only to equine vets in the UK, but also overseas, and the Twinning Programme is proving to be a real success.

Fighting orthopaedic injury in horses

██████████ world-renowned expert in equine orthopaedics, was one of only three scientists inducted into the University of Kentucky Equine Research Hall of Fame in 2016. As Head of Department in AHT's Equine Clinic, her service and contribution to equine research was recognised and rewarded by her peers, colleagues and previous inductees, who nominated her for this accolade.

AHT Trustees' Report and Accounts 2016

Fighting orthopaedic injury in horses (continued)

Some of the most ground breaking research includes validating the usefulness and limitations of ultrasonography, scintigraphy and MRI for routine diagnostic use. This data has then been translated into practical benefits for improving the accuracy of diagnosis and treatment for all horses suffering from injury, at AHT's Equine Clinic and beyond. Current projects focus on the recognition of pain in horses, the influence of tack and a rider on lameness and how horses adapt their gait in the face of injury.

Clinical activities

In 2016, our Small Animal Centre and Equine Centre treated more than 3,850 (2015: 3,600) newly referred animals. AHT's DNA testing service produced test results for more than 8,100 (2015: 9,500) samples. 61 DNA health tests are now offered for more than 70 breeds of dog. In AHT's Diagnostic Laboratory Services more than 47,600 (2015: 40,300) samples were processed. AHT also successfully retained its ISO 17025 status.

The primary focus of the vets working in our equine and small animal clinics is the health and welfare of the individual animals referred to them. In addition to this, the information they are able to learn from treating these patients enables us to better understand disease and educate others. In the equine clinic, the clinical research team provides scientific solutions to sport, performance, racing and pleasure horse problems. In our small animal clinic, the clinicians analyse information about patients with the aim of increasing understanding of specific conditions so this can be passed on for the benefit of all animals.

Education

Career development

In 2016, AHT senior staff continued to support and supervise the intern and residency programmes, as well as 12 students undertaking PhD and MPhil courses. As a result, two AHT students were awarded a PhD in 2016. Within the clinical teams, in addition to Dr Sue Dyson being inducted into the University of Kentucky Equine Research Hall of Fame, another clinician obtained an FRCVS for Meritorious Contributions to Clinical Practice, two clinicians passed their European specialist qualification, and three clinicians became recognised Royal College of Veterinary Surgeons (RCVS) specialists. Within the Nursing team three nurses passed exams including the Registered Veterinary Nurse (RVN) diploma and ISFN Feline Diploma.

Educating the veterinary profession and associated stakeholders

In 2016, AHT held more than 22 CPD lectures and days for people working in the veterinary profession. AHT's team presented, on clinical and research work, at events in the UK and internationally.

AHT authored published papers in 2016

	Total	First & /or Last Author
Papers	66	52
E – Pubs	19	13
Published conference abstracts	59	48
	144	113

By sharing its expertise and disseminating the results of its research to the veterinary profession, AHT improves wider veterinary knowledge which in turn benefits not only the animals being treated in its clinics but also those in general practice, as well as their owners.

Public engagement

During 2016, AHT focussed attention on digital channels to educate the general public. AHT's website received visits from more than 760,000 people. Likes on AHT's Facebook page increased by 26% and engagement on Twitter increased by 160%, resulting in more people than ever engaging with AHT digitally. Using traditional media, AHT placed more than 1,000 individual articles in print and online channels, reaching almost 37 million people helping to educate them about AHT and its work.

Fundraising

As a charity, AHT relies on generous donations from the general public to carry out its vital work. The Fundraising department works with corporate supporters, major donors, charitable trusts and members of the public to gain financial support. AHT organises and attends events, speaks directly to supporters via post, email and face to face and co-ordinates charitable trusts and legacy programmes.

Fundraising activities had a mixed year. Income from donations increased by more than 18% to £1.66m, however legacy income fell from £2.7m in 2015 to £0.7m, its lowest level since 2001.

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Volunteers

AHT has a dedicated group of volunteers who give up their time to help in many different ways: from helping on trade stands by selling merchandise, inspiring the general public to support AHT and assisting with vital fundraising activities.

Future plans

Scientific Research

AHT will continue its research programmes to develop new diagnostic tests, treatments, vaccines, and preventative measures, to fight disease and injury in horses, dogs and cats.

Clinical Activities

AHT will plan to expand the capacity of its clinics and increase the resources available for the provision of referral services and clinical research.

Education

AHT will continue to teach, supervise and support its staff, the wider veterinary profession, associated stakeholders and the general public through CPD events, registered training programmes, lectures, published papers, the media, social media the AHT website and associated communication methods.

Financial review

AHT had a mixed 2016. Overall net position for the year was down from a £2.1m surplus in 2015 to a £12k deficit in 2016.

Both years results were affected by property disposals, in 2016 Lanwades Hall was sold with a profit on disposal of £0.9m, this followed a land disposal in 2015 generating a profit on disposal of £1.5m. 2016 also saw a significant drop in legacy income compared to recent years.

With the 2016 actuarial loss on its historic pension scheme, the total value of funds decreased by £3.1m.

Income

AHT's total income in 2016 was £15.7m. Excluding the one off land disposal gains in 2015 and 2016, income of £14.8m represents a decrease of £0.7m (4.5%) from 2015.

The key reason for the decrease in income was legacies down from £2.7m in 2015 to £0.7m in 2016. This was partly offset by a £1.1m increase in clinical activities income which was up from £9.1m to £10.2m, a 12% increase.

Expenditure

Total expenditure increased by £1.0m to £15.9m. AHT's expenditure on its charitable activities increased to a record high of £14.9m.

AHT expended £3.4m (2015: £3.2m) in its scientific research activities, £10.4m (2015: £9.6m) in running its clinical activities and £1.1m (2015: £1.1m) in delivering its educational activities

Included in the costs above are apportioned Support and Governance costs of £2.3m (2015: £2.1m) which represents an increase of 0.3% as a percentage of total expenditure.

Investments

The performance of investment portfolios is regularly reviewed and reported to the Trustees.

AHT has adopted a balanced investment objective with a low risk profile and has a socially responsible investment principle as one of those objectives.

The performance of AHT's portfolios in 2016 was as follows:

<u>Portfolio</u>	<u>Portfolio Total Return</u>	<u>Benchmark</u> ARC balanced peer group
AHT Unrestricted	6.02%	8.64%
AHT Mellon Endowment	6.33%	8.64%

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Investments (continued)

The AHT funds underperformed against the benchmark primarily because it was underinvested in UK equities during the year. The relatively cautious attitude around Brexit and the US elections meant the portfolio lagged a sharply rising equity market; however this felt prudent given the risks of a significant market correction around several events that were difficult to call and the results of which were relative unknowns for the market.

Subsidiary Companies

AHT holds 100% of the issued share capital of both of the following companies, both of which are registered in England and Wales:

Animal Health Trust Promotions Limited, the principal activities of the company are the letting of Lanwades Hall as a wedding and events venue, and selling merchandise on behalf of AHT. Following the sale, by AHT, of Lanwades Hall the income from the letting of the Hall as a venue has ceased.

Equine Genetics Research Limited, the principal activity of the company is to exploit intellectual property arising from equine genetics research for the benefit of horseracing and breeding, the company did not trade in either 2016 or 2015.

A summary of the results of the subsidiaries is shown below:

	Animal Health Trust Promotions Limited		Equine Genetics Research Limited	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Turnover	65	90	-	-
Cost of sales	(30)	(41)	-	-
Gross profit	35	49	-	-
Administration expenses	(23)	(45)	(11)	(3)
Operating and retained profits / (losses)	12	4	(11)	(3)

At year end Animal Health Trust Promotions Limited owed AHT £51,191 (2015: £63,375) and Equine Genetics Research Limited owed AHT £2,323 (2015: £nil). A bad debt provision of £45,000 has been created against AHT Promotions Limited's debt as the Trustees are reviewing the viability of the company and its ability to repay the debt.

AHT is the sole member of Animal Health Trust Pension Trustees Limited, a company limited by guarantee incorporated in England and Wales. The company has been established to act as a corporate trustee for the Animal Health Trust Pension and Life Assurance scheme. AHT's liability as a member is restricted to £1. The company has remained dormant since incorporation.

AHT is a member of Together for Animals Limited, a company limited by guarantee incorporated in England and Wales. It became a registered charity in April 2004 (Registered Charity No. 1102985). AHT's liability as a member is restricted to £10. Together for Animals coordinates and promotes payroll giving to benefit the work of five animal charities, including AHT.

AHT is a member of Discover Newmarket Community Interest Company, a company limited by guarantee incorporated in England and Wales on 19 December 2014. AHT's liability as a member is restricted to £1. Discover Newmarket has been established as a not for profit community interest company to carry on activities which benefit the community and in particular the horseracing industry and local businesses within the town of Newmarket and the surrounding areas.

Senior Executive Pay

The remuneration of the Chief Executive and other members of the Executive Committee is set by the Trustees' remuneration committee. The committee's policy for assessing the remuneration of AHT's senior executives is for their pay and benefits to be in line with market rates for similar roles in the sectors in which AHT operates. Any pay increases for senior executives should be in line with awards made to other AHT employees generally. A review of the policy and the pay and benefits for the Executive Committee and other senior managers is underway in 2017.

The total cost of remuneration and benefits received by members of the Executive Committee, as disclosed in note 8 to the financial statements, in 2016 was £621,000 (2015: £551,000).

Reserves Policy

It is the long term intention of the Trustees that the freely available reserves of AHT, defined as the investments and net current assets or liabilities of the general fund, should be built up to, and maintained at, a level sufficient to ensure the continuance of AHT's activities, should there be an unexpected short-term adverse fluctuation in income. The appropriateness of the reserves policy and the level of reserves are reassessed on a regular basis.

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Reserves Policy (continued)

The Trustees have calculated based on risk that an appropriate level of free reserves would be in the range of £4.5m to £8.5m or between 3 to 6 months normal expenditure. The accounts value of free reserves as at 31 December 2016 amounted to £3.3m and represents a little under 2 ½ months of normal expenditure. The Trustees are committed to budgeting for a surplus over the medium term to build the value of reserves up to the calculated range.

Pension Schemes

AHT contributes to two defined benefit schemes; the AHT Pension and Life Assurance Scheme and the Universities Superannuation Scheme (USS), and one defined contribution scheme. The assets of these schemes are held separately from those of AHT in independently administered funds.

AHT Pension and Life Assurance Scheme

The scheme which had been closed to new members since September 2004 was closed to future accrual with effect from 31 March 2011. The most recent actuarial valuation as at 6 April 2016 shows a potential funding shortfall of £4.7m.

A new recovery plan has been agreed with the Scheme Trustee to eliminate the past service deficit by 31 March 2034. This requires payments of £276,000 per annum payable monthly in arrears between April 2017 and March 2020, a lump sum payment of £150,000 in March 2020, followed by payments of £328,800 per annum payable monthly in arrears between April 2020 and 31 March 2034. Under the recovery plan AHT also pays the levies and administration expenses of the scheme and the scheme has a charge over the Lanwades site together with deeds of agreement over certain other property assets.

The valuation of the AHT scheme as at 31 December 2016 by a Fellow of the Institute of Actuaries for the disclosures in note 21 to the Financial Statements shows a potential shortfall in the fund's assets of £6.89 million (2015: £4.03m).

FRS102 requires that the discount rate used to value scheme liabilities should reflect the investment returns on high quality corporate bonds, the returns on such bonds have decreased substantially during 2016, as a result the present value of the scheme liabilities and of the deficit have both substantially increased.

USS

Following the completion of the April 2014 valuation of the scheme a recovery plan has been agreed with scheme employers that saw employer contributions increase from 16% to 18% of pensionable salary with effect from April 2016 until March 2031. Within the 18%, deficit reduction contributions have been deemed by USS to be 2.1%.

To ensure the sustainability of USS the benefit structure has been revised, with effect from April 2016 the final salary part of the scheme has been closed with all existing active members of the final salary scheme being transferred into the USS career average scheme. From October 2016, for higher earning members contributions on pensionable salary above a salary threshold are being paid into a defined contribution scheme.

In adopting the FRS102 charity SORP AHT has accrued a liability on its balance sheet representing the present value of its estimated future obligations to the USS recovery plan; details can be seen in note 21, as at 31 December 2016 this is estimated at £0.93m (2015: £0.91m).

AHT has categorised staff into different 'job families' with membership of USS to new staff being restricted to certain families. For other job families, with effect from 1 April 2011 a defined contribution group personal pension scheme has been established.

Going Concern

Following the sale of Lanwades Hall In 2016 there was a significant improvement in AHT's cash position at the year end with balances of £3.17m. However within this a designated fund with a year-end balance of £2.35m exists to invest in building new offices and student accommodation to replace facilities that had been sold.

AHT experienced a significant fall in legacy income during 2016 which will have an impact on cash flow in 2017. The Trustees have always recognised the risk that AHT's cash flow is susceptible to volatility in legacy receipts, however they believe with its investment portfolio and access to overdraft facilities, AHT is in a position to withstand short term adverse cash flow fluctuations. On this basis the Trustees consider it appropriate to prepare the financial statements on the going concern basis.

The above Trustees' report and attached financial statements were adopted by the Trustees at the Council of Management meeting on 31 May 2017.



.....
The Lord Kirkham CVO (Deputy President)

Independent auditor's report to the trustees of Animal Health Trust

Opinion on financial statements

We have audited the financial statements of Animal Health Trust for the year ended 31 December 2016 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Emphasis of matter – early adoption of the Charities SORP (FRS 102)

In forming our opinion, which is not modified, we have considered the disclosure in note 1 concerning the charity's early adoption of the Charities SORP (FRS 102) issued in July 2014, rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statements to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for accounting periods beginning on or after 1 January 2015.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 4 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. 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.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.


RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Date 13 June 2017

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

AHT Trustees' Report and Accounts 2016
Statement of financial activities
For the year ended 31 December 2016

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000	2015 Total Note 26 £'000
Income from						
Donations, legacies and grants	2	1,555	2,037	-	3,592	5,194
Charitable activities						
• Scientific research		580	-	-	580	686
• Clinical activities		10,164	-	-	10,164	9,080
• Education		14	-	-	14	93
Other trading activities						
• Fundraising events		337	-	-	337	333
• Non charitable trading		-	-	-	-	3
• Rental income		24	-	-	24	31
Investments	3	55	9	-	64	73
Other	4	973	-	-	973	1,545
Total income		13,702	2,046	-	15,748	17,038
Expenditure on						
Raising funds	5					
• Fundraising costs		(547)	-	-	(547)	(540)
• Fundraising events		(263)	-	-	(263)	(258)
• Non charitable trading		(45)	-	-	(45)	(-)
• Investment management		(61)	-	-	(61)	(47)
		(916)	-	-	(916)	(845)
Charitable activities						
• Scientific research		(2,256)	(1,118)	-	(3,374)	(3,185)
• Clinical activities		(9,797)	(558)	-	(10,355)	(9,561)
• Education		(1,142)	-	-	(1,142)	(1,097)
		(13,195)	(1,676)	-	(14,871)	(13,843)
Other	7	(75)	-	-	(75)	(248)
Total expenditure		(14,186)	(1,676)	-	(15,862)	(14,936)
Gains on investments	11	85	-	17	102	28
Net (Expenditure) / Income		(399)	370	17	(12)	2,130
Transfers between funds	16, 17 & 18	114	(71)	(43)	-	-
Other recognised (losses) / gains						
• Actuarial (loss) / gain on defined benefit pension scheme	21	(3,122)	-	-	(3,122)	1,154
Net movement in funds		(3,407)	299	(26)	(3,134)	3,284
Reconciliation of funds						
Total funds brought forward		10,691	671	478	11,840	8,556
Total funds carried forward		7,284	970	452	8,706	11,840

All amounts relate to continuing activities.

All recognised gains and losses for the year are included in the statement of financial activities above.

The notes on pages 14 to 33 form part of these financial statements.

Balance sheet as at 31 December 2016

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2016 Total £'000	2015 Total £'000
Tangible fixed assets	9	9,310	179	-	9,489	10,613
Intangible fixed assets	10	5	-	-	5	12
Fixed asset investments	11	1,897	-	430	2,327	2,823
		11,212	179	430	11,821	13,448
Current assets						
• Stock		114	-	-	114	192
• Debtors	12	2,677	296	-	2,973	3,746
• Investments	11	-	-	22	22	40
• Cash at bank		2,662	504	-	3,166	802
		5,453	800	22	6,275	4,780
Creditors due within one year	13	(1,576)	(9)	-	(1,585)	(1,457)
Net current assets		3,877	791	22	4,690	3,323
Total assets less current liabilities		15,089	970	452	16,511	16,771
Creditors due after more than one year	15	(913)	-	-	(913)	(898)
Net assets excluding pension liability		14,176	970	452	15,598	15,873
Defined benefit pension scheme liability	21	(6,892)	-	-	(6,892)	(4,033)
Net assets including pension liability		7,284	970	452	8,706	11,840
REPRESENTING:						
Fund balances	16,17,18	7,284	970	452	8,706	11,840

The financial statements on pages 11 to 33 were approved and authorised for issue by the Council of Management (Trustees) on 31 May 2017.

The notes on pages 14 to 33 form part of these financial statements.

.....
(Honorary Treasurer)

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The Lord Kirkham CVO (Deputy President)

Cash flow statement for the year ended 31 December 2016

	Note	2016	2015
		£'000	£'000
Cashflows from operating activities:			
Net cash provided by operating activities	20	435	1,518
Cashflows from investing activities:			
• Interest received	5	2	
• Dividends received	43	48	
• Bank interest paid	-	(4)	
• Purchase of investments	(233)	(467)	
• Movement in investment cash	2	172	
• Payments to acquire tangible fixed assets	(581)	(264)	
• Proceeds from sale of investments	947	295	
• Proceeds from sale of tangible fixed assets	1,746	1,517	
• Cash flows attributable to endowment fund transfers	(21)	(5)	
Net cash provided by investing activities		1,908	1,294
Cashflows from financing activities:			
Repayment of other borrowing	-	(1,500)	
Cash flows attributable to endowment fund transfers	21	5	
Net cash realised from / (used) in financing activities		21	(1,495)
Change in cash & cash equivalents in the reporting period		2,364	1,317
Cash & cash equivalents at the beginning of the reporting period		802	(515)
Cash & cash equivalents at the end of the reporting period		3,166	802
Analysis of cash and cash equivalents			
		2016	2015
		£'000	£'000
Cash in hand (including short term deposits)	20	3,166	802

The notes on pages 14 to 33 form part of these financial statements.

1. Accounting policies

Animal Health Trust is a charity incorporated by Royal Charter, domiciled and registered in England. The principal accounting policies are set out below.

a. Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets measured at fair value in accordance with generally accepted accounting principles. In preparing the financial statements the Charity follows best practice as set out in the Statement of Recommended Practice Accounting and Reporting by Charities "SORP FRS 102" and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Charities Act. AHT constitutes a Public Benefit entity as defined by FRS 102.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the best practice as set out above rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trustees consider that there are no material uncertainties about AHT's ability to continue as a going concern.

b. Income

Where sufficient evidence to entitlement, measurability and probability of receipt is available material donations are accounted for when receivable, all other donations are accounted for on a receipts basis. Donated assets are taken to income, when donated, at estimated value to AHT.

Legacies are accounted for when received or if before receipt, where sufficient evidence is available to support entitlement, measurability and probability of receipt.

Grant income is recognised when receivable. Where resources are received in advance of the performance of the activity, and there are preconditions attached to the grant which stipulate that the resources must be expended in future periods the resources are deferred to the corresponding period, in accordance with the SORP.

Income from charitable activities is fee income earned from clinical and diagnostic services, contract research, hosting CPD courses and consultancy services and is accounted for on an accruals basis.

Income from fundraising events is accounted for on an accruals basis.

Non charitable trading income is accounted for on an accruals basis.

Rental income accounted for under other trading activities relates to income earned from letting properties that are also utilised by AHT in delivering charitable activities. Rental income from investment properties is accounted for as investment income.

Investment income is accounted for on an accruals basis.

Other Income is accounted for on an accruals basis.

c. Expenditure and basis of allocation of costs

All expenditure is accounted for on an accruals basis.

Fundraising costs include the salaries, direct expenditure of fundraising activities and apportioned support costs attributable to AHT's fundraising department.

Fundraising events costs include the salaries, direct expenditure on fundraising events and apportioned support costs attributable to AHT's fundraising events.

Investment management costs include the costs of managing AHT's investment portfolios, investment properties, and IP.

Scientific research costs are the salaries, direct expenditure and apportioned support costs of the departments carrying out AHT's research projects.

Clinical activities costs are the salaries, direct expenditure and apportioned support costs of running AHT's clinical and diagnostic service departments.

Education costs are the salaries, direct expenditure and apportioned support costs of AHT's educational activities.

Support costs, including governance costs, are the salaries, direct costs and overheads of; the site services, finance, directorate, human resources, public relations and information technology departments. Public relations costs are allocated 45% to Fundraising, 5% to Fundraising events, 25% to Education and 25% to Clinical activities. All other Support and governance costs are allocated to Scientific research, Clinical activities, Education and Fundraising in proportion to direct salary costs.

Other resources expended are the FRS102 finance costs and the administration costs of the closed AHT Pension and Life Assurance scheme.

1. Accounting policies continued

d. Depreciation

Tangible fixed assets costing more than £1,500 are capitalised and included at cost including any incidental expenses of acquisition.

Assets either under construction or not yet in use are not depreciated until the asset is brought into use.

Depreciation is provided to write off evenly over their expected useful lives the cost less estimated residual values, of all fixed assets, except freehold land. It is calculated at the following rates:

- Freehold buildings - 25 or 50 years
- Portable buildings - 5 years
- Motor vehicles - 5 years
- Equipment & fittings - 5 or 10 years

e. Investments

Trade investments are equity investments over which the Charity has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through the Statement of Financial Activities when transaction costs are expensed as incurred.

The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted investments (excluding investments in associated undertakings and subsidiaries) is measured using valuation techniques which include turnover multiple, earnings multiple, net assets or discounted cash flows, as appropriate, based on the nature and circumstances of the investment.

Investment properties are periodically valued and are stated at their most recent valuation. Investments in subsidiaries are stated at cost less any impairment.

Realised and unrealised gains and losses are recorded in the Statement of Financial Activities. Realised gains and losses are recognised when the investment is disposed of, unrealised gains and losses are recognised annually.

f. Intangible assets

Capitalised computer software expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Computer software expenditure initially recognised as an expense is not recognised as assets in the subsequent period. Capitalised computer software expenditure is amortised on a straight-line method over a period of 5 years.

g. Stocks

Stocks are included at the lower of cost and net realisable value.

h. Financial instruments

AHT has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Financial assets and financial liabilities are recognised when AHT becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Basic financial assets including trade and other receivables and cash and bank balances are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Financial Activities, which are initially measured at fair value.

Equity investments (excluding investments in associated undertakings and subsidiaries) are valued in accordance with AHT's Investments accounting policy above.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables are recognised at transaction price. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities where payment is due within one year or less. If not, they are presented as creditors due after more than one year. Trade payables are recognised at transaction price.

i. Foreign currency

Foreign currency transactions are translated at the rates ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences arising are taken into account in arriving at the net result for the year.

1. Accounting policies continued

j. Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on the general fund and designated funds. They are available for use at the discretion of the Trustees, in furtherance of the AHT's charitable objectives.

Designated funds are those funds designated for particular purposes or projects at the discretion of the Trustees.

Restricted funds are created when grants, donations or legacies are made, which have a restriction placed on them, by the donor, as to their use.

Endowment funds represent funds, which are either permanent or expendable by the charity. Income arising on and expendable capital of each of the endowment funds can be used in accordance with the objects of each fund and is included as unrestricted and restricted income as appropriate. Any gains or losses arising on the investments form part of the fund.

k. Pension costs

AHT is the sponsoring employer of the AHT Pension and Life Assurance Scheme, which is a defined benefit scheme. The scheme was closed to future accrual with effect from 31 March 2011. The Scheme's assets are held separately from the assets of AHT and are administered by a trustee and managed professionally. Pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuations of the scheme. These costs are accounted for in accordance with the requirements of FRS102.

A liability is recognised in the balance sheet in respect of the scheme which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. A full valuation of the liability is calculated by an independent actuary every three years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in the Statement of Financial Activities in the year in which they arise.

AHT also participates in the Universities Superannuation Scheme (USS). In the current and preceding periods, USS was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). From October 2016 contributions on earnings exceeding an earnings threshold have been on a defined contribution basis. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of USS, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. AHT is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to USS in respect of the accounting period. Since AHT has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), AHT recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

From 1 April 2011, AHT has operated a defined contribution GPP scheme for employees not eligible to join USS. The assets of the scheme are held separately from those of the charity. The annual contributions payable are included in the statement of financial activities in the financial year in which they become payable.

l. Taxation

AHT, as a charity, is not liable for assessment to tax on its charitable activities, and recoverable income tax is accrued within the accounts.

2. Donations, legacies and grants

	2016	2015
	£'000	£'000
Donations	1,662	1,404
Legacies	747	2,673
Grants	1,183	1,117
	3,592	5,194

3. Investment income

	2016 £'000	2015 £'000
(a) By type		
Quoted investments	43	48
Rental income	16	23
Interest	5	2
	64	73
(b) Geographic analysis		
UK	24	37
Non UK	40	36
	64	73

4. Other income

	2016 £'000	2015 £'000
Gain on property disposal	916	1,516
Licencing intellectual property	57	29
	973	1,545

5. Total expenditure

	Staff costs £'000	Other costs £'000	Support costs £'000	Total 2016 £'000	Total 2015 £'000
Raising funds:					
Fundraising costs	216	194	137	547	540
Fundraising events	35	210	18	263	258
Non charitable trading	-	45	-	45	-
Investment management	-	61	-	61	47
	251	510	155	916	845
Charitable activities:					
Scientific research	1,523	1,419	432	3,374	3,185
Clinical activities	5,061	3,812	1,482	10,355	9,561
Education	688	216	238	1,142	1,097
	7,272	5,447	2,152	14,871	13,843
Other	-	75	-	75	248
Total expenditure	7,523	6,032	2,307	15,862	14,936

Included in resources expended above are:

	2016 £'000	2015 £'000
Auditor fees – audit	28	29
Auditor fees – other	18	6

6. Support costs

	Site Services £'000	Finance £'000	IT £'000	HR £'000	Directorate £'000	PR £'000	Governance £'000	Total 2016 £'000	Total 2015 £'000
Raising funds:									
Fundraising costs	20	9	10	10	9	76	3	137	121
Fundraising events	3	2	2	2	1	8	-	18	15
	23	11	12	12	10	84	3	155	136
Charitable activities:									
Scientific research	138	67	70	73	65	-	19	432	412
Clinical activities	460	221	234	245	216	42	64	1,482	1,356
Education	63	30	32	33	29	42	9	238	210
	661	318	336	351	310	84	92	2,152	1,978
Total expenditure	684	329	348	363	320	168	95	2,307	2,114

PR costs are apportioned to reflect PR activities, this is estimated to be Fundraising costs 45%, Fundraising events 5%, Education 25% and Clinical activities 25%. All other Support costs are apportioned in proportion to staff costs.

7. Other expenditure

	2016 £'000	2015 £'000
FRS102 finance costs (note 21 i)	156	184
FRS102 past service cost (note 21 i)	(155)	-
AHT Pension & Life Assurance Scheme administration costs	74	64
	75	248

8. Staff costs and employee benefits

	2016 £'000	2015 £'000
(a) Costs		
Wages and salaries	7,176	6,522
Redundancy and termination	3	14
Social security costs	673	566
Pension costs	865	800
USS difference between actual and expected contribution experience (note 21 ii)	58	391
Other benefits	85	46
	8,860	8,339

Other benefits are the costs of staff discounts given on veterinary treatment and the premiums payable for death in service insurance, an employee cash health plan and an employee assistance programme.

(b) The average number of employees analysed by function was:

	2016 Number	2015 Number
Charitable activities	230	208
Fundraising	7	6
Support and management	33	32
	270	246

(c) Higher paid employees

The emoluments of higher paid employees (including redundancy and lieu of notice but excluding pension contributions) fell within the following bands:

	2016 Number	2015 Number
£60,001 - £70,000	9	5
£70,001 - £80,000	3	2
£90,001 - £100,000	1	-
£130,001 - £140,000	1	1

All the above are members of one of the three AHT pension schemes (2015: all).

(d) Remuneration and benefits received by key management personnel

No member of the Council of Management received remuneration in the year (2015 none).

The total cost of remuneration and benefits received in the year by members of the Executive Committee amounted to:

	2016 £'000	2015 £'000
Salaries, employers NI, pensions and other benefits	621	551

9. Tangible fixed assets

	Freehold land and buildings £'000	Equipment and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2016	16,592	7,364	79	24,035
Additions	345	236	-	581
Disposals	(1,221)	(195)	-	(1,416)
At 31 December 2016	15,716	7,405	79	23,200
Depreciation				
At 1 January 2016	7,003	6,345	74	13,422
Charge for the year	470	399	5	874
Disposals	(390)	(195)	-	(585)
At 31 December 2016	7,083	6,549	79	13,711
Net book value				
At 31 December 2016	8,633	856	-	9,489
At 31 December 2015	9,589	1,019	5	10,613

Included within tangible fixed assets are the following which were not depreciated in the year.

	2016 £'000	2015 £'000
Buildings in the course of construction	259	23
Equipment in the course of construction	51	-
	310	23

10. Intangible fixed assets

	2016 £'000	2015 £'000
Cost		
At 1 January	180	180
Disposals	(15)	-
At 31 December	165	180
Amortisation		
At 1 January	168	161
Charge for the year	7	7
Disposals	(15)	-
At 31 December	160	168
Net book value at 31 December	5	12

11. Investments

(a) Market Value

	Quoted Investments £'000	Investment Property £'000	2016 Total £'000	2015 Total £'000
At 1 January 2016	2,071	753	2,824	2,626
Additions	233	100	333	467
Disposals	(272)	(675)	(947)	(295)
Net gains	82	18	100	26
At 31 December 2016	2,114	196	2,310	2,824
Unquoted investments			16	14
Investments in subsidiaries			5	5
Cash			18	20
Total investments at 31 December 2016			2,349	2,863
Fixed asset investments			2,327	2,823
Current asset investments			22	40
Total investments			2,349	2,863

Investment properties are stated at market value.

The investments in subsidiaries are stated at cost. The Trustees consider that the market value of these investments is not materially different to cost.

	2016 £'000	2015 £'000
(b) Investment gains and losses		
Realised gains / (losses)	24	(3)
Unrealised gains	78	31
	102	28
(c) Quoted investments at cost	1,991	2,032
(d) Geographical analysis of investments		
UK	299	873
Non UK	2,050	1,990
	2,349	2,863

AHT Trustees' Report and Accounts 2016**Notes forming part of the financial statements for the year ended 31 December 2016 continued.****11. Investments continued****(e) Subsidiary undertakings**

AHT owns 100 per cent of the issued share capital of Animal Health Trust Promotions Limited, a company incorporated in England and Wales. The company recommenced trading with effect from 1 July 2012, principally in the merchandising of goods and the letting of Lanwades Hall as a wedding venue. With AHT selling Lanwades Hall in 2016 the property is no longer available to Animal Health Trust Promotions Limited to let and this activity has ceased.

The financial statements of the company disclose the following:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Income	65,370	89,676
Expenditure	(53,016)	(85,970)
Profit for the year	12,354	3,706
Paid up share capital	2	2
Accumulated reserves	(44,032)	(56,386)
Net liabilities	(44,030)	(56,384)

(f) Subsidiary undertakings continued

AHT owns 100 per cent of the issued share capital of Equine Genetics Research Limited, a company incorporated in England and Wales whose principal activity is to exploit intellectual property arising from equine genetics research for the benefit of horseracing and breeding.

The financial statements of the company disclose the following:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Income	-	-
Expenditure	(11)	(3)
Loss for the year	(11)	(3)
Paid up share capital	10	10
Share premium	95	95
Accumulated reserves	(107)	(96)
Net (liabilities) / assets	(2)	9

AHT is the sole member of Animal Health Trust Pension Trustees Limited, a company limited by guarantee incorporated in England and Wales on 19 July 2010. The company has been established to act as corporate trustee for the Animal Health Trust Pension and Life Assurance scheme, and was appointed trustee on 1 August 2010. The company has not traded since incorporation.

12. Debtors

	2016 £'000	2015 £'000
Professional services	1,934	1,742
Amounts due from subsidiary undertakings	12	63
Other debtors	474	253
Accrued legacies	190	1,281
Prepayments and accrued income	363	407
	2,973	3,746

13. Creditors due within one year

	2016 £'000	2015 £'000
Expense creditors	802	620
Taxes and social security	472	479
Other creditors	156	209
USS deficit reduction obligation (note 21 ii)	63	60
Accruals and deferred income	92	89
	1,585	1,457

14. Financial instruments

The carrying amount of AHT's financial instruments at 31 December were

	2016 £'000	2015 £'000
Financial assets		
Instruments measured at fair value through income and expenditure	2,130	2,085
Debt instruments measured at amortised cost	5,753	4,085
Financial liabilities		
Measured at amortised cost	(1,050)	(918)

15. Creditors due after more than one year

	2016 £'000	2015 £'000
USS deficit reduction obligation (note 21 ii)	863	848
Deferred income	50	50
	913	898

Deferred income of £50,000 relates to the sale, in 2011, of an option with an initial term of eight years, over land at Wrea Green, Lancashire.

16. Unrestricted funds

	Balance at 01/01/2016 £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Pension Losses £'000	Transfers £'000	Balance at 31/12/2016 £'000
General fund	9,053	13,702	(13,794)	85	-	(2,001)	7,045
Pension Reserve	(4,941)	-	245	-	(3,122)	-	(7,818)
General funds including pension reserve	4,112	13,702	(13,549)	85	(3,122)	(2,001)	(773)
Designated funds							
Building Fund	5,549	-	(270)	-	-	(331)	4,948
Equipment Fund	715	-	(257)	-	-	93	551
New Offices Fund	-	-	-	-	-	2,353	2,353
Centre of Small Animal Studies funds	200	-	(44)	-	-	-	156
Other designated funds	115	-	(66)	-	-	-	49
	6,579	-	(637)	-	-	2,115	8,057
	10,691	13,702	(14,186)	85	(3,122)	114	7,284

The Pension reserve represents the FRS102 deficit of the AHT Pension fund, and the present value of the USS deficit reduction obligation.

The Building and Equipment funds account for the written down value of certain buildings and equipment where the purchase cost has been funded by designated and restricted funds. The assets transferred to these funds have no continuing restrictions placed upon their use by the donors. The balances on these funds are reduced by an annual depreciation charge over the useful economic life of the assets.

Following the sale of Lanwades Hall, the net proceeds of £2,415,000 have been transferred from General funds to a designated New Offices fund, to fund the construction of new offices and employee accommodation buildings. £62,000 has been transferred to the Building fund from the New Offices fund representing construction costs of the new buildings at year end and £393,000 has been transferred from the Building fund to the General fund, this represents the balance within the Building fund that was attributable to Lanwades Hall.

Centre of Small Animal Studies funds represents funds designated by AHT's management for various projects or investment in the Centre.

Other designated funds represents the balance of an amount designated in 2013 to fund planning application costs of AHT's former site at Balaton Lodge, and a designated fund created in 2014 to fund anticipated costs of the ongoing Grass Sickness trial.

17. Restricted funds

	Balance at 01/01/2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance at 31/12/2016 £'000
Appeals & Restricted Donations	556	863	(560)	(71)	788
Project funds	115	1,183	(1,116)	-	182
	671	2,046	(1,676)	(71)	970

Appeals and Restricted Donations funds represent donations and legacies received for restricted purposes, either to fund core running costs of AHT or capital costs of new equipment and building work which are then transferred to the designated Building or Equipment Fund.

Project funds represent grants received for specific projects.

18. Endowment Funds

	Balance at 01/01/2016 £'000	Income £'000	Expenditure £'000	Investment Gains £'000	Transfers £'000	Balance at 31/12/2016 £'000
<i>Permanent Endowments</i>						
Animal Health Trust Research Fund	21	-	-	-	(21)	-
<i>Expendable Endowments</i>						
P Mellon Endowment	457	-	-	17	(22)	452
	478	-	-	17	(43)	452

Income and expendable capital from the P Mellon fund is restricted to fund equine research expenditure.

In March 2016 the Trustees exercised their powers under s281 of the Charities Act 2011 to resolve that the purposes of the Animal Health Trust Research Fund would be better served if the restrictions on spending the capital of the fund were released, the capital of the fund has been transferred to the General fund.

19. Analysis of net assets between funds

	Tangible fixed assets £'000	Intangible fixed assets £'000	Fixed asset investments £'000	Net current assets £'000	Creditors due after more than one year £'000	Pension liability £'000	Total £'000
Unrestricted funds							
<i>General fund</i>	3,811	5	1,897	1,382	(50)	-	7,045
<i>Pension reserve</i>	-	-	-	(63)	(863)	(6,892)	(7,818)
<i>Designated funds</i>							
Building Fund	4,948	-	-	-	-	-	4,948
Equipment Fund	551	-	-	-	-	-	551
New Offices Fund	-	-	-	2,353	-	-	2,353
Other designated funds	-	-	-	205	-	-	205
Restricted funds							
Appeals & Restricted Donations	169	-	-	619	-	-	788
Project funds	10	-	-	172	-	-	182
Expendable Endowment Funds	-	-	430	22	-	-	452
Total funds 2016	9,489	5	2,327	4,690	(913)	(6,892)	8,706

20. Cash flow information

Reconciliation of net income for the reporting period to net cashflow from operating activities

	2016 £'000	2015 £'000
Net (expenditure) / income for the reporting period	(12)	2,130
Investment gains	(102)	(28)
Non cash legacy	(100)	-
Dividends, interest received & paid	(48)	(46)
Non cash flows relating to FRS102 pension provisions	(262)	(80)
Depreciation	874	880
Amortisation	7	7
Profit on disposal of fixed assets	(916)	(1,511)
Decrease / (increase) in stock	78	(56)
Decrease / (increase) in debtors	773	(500)
Increase in creditors	143	722
Net cash provided by operating activities	435	1,518

Restricted cash

Within the total of cash and cash equivalent balances at 31 December 2016 of £3.166m is an amount of £2.478m from the sale of Lanwades Hall, being held by AHT's solicitors under an escrow agreement with the trustee of the AHT Pension and Life Assurance Scheme.

These funds may be drawn down by AHT to meet construction costs of new offices and employee accommodation buildings to replace facilities lost with the sale of the Hall, the balance will be released to AHT on approval of a new charge granting security over the Lanwades site to the pension scheme.

21. Pension costs

AHT contributes to two defined benefit schemes and one defined contribution scheme, the assets of which are held separately from those of AHT in independently administered funds. Contributions to the defined benefit schemes have been made on the basis of actuarial valuations. The pension contributions paid to the three schemes during the year amounted to £1,192,000 (2015: £1,104,000). The two defined benefit schemes are the AHT Pension and Life Assurance Scheme and Universities Superannuation Scheme.

(i) Animal Health Trust Pension and Life Assurance Scheme

This defined benefit pension scheme closed to future accrual on 31 March 2011. The Scheme's assets are held separately from the assets of AHT, are administered by a trustee and managed professionally.

The most recent formal actuarial valuation of the Scheme was carried out as at 6 April 2016. The results have been updated to 31 December 2016 by a qualified independent actuary.

The assumptions used were as follows:

Financial assumptions

	2016	2015
Discount rate	2.60%	4.00%
Price inflation - RPI	3.40%	3.20%
Price inflation - CPI	2.60%	2.40%
Pension increases		
- Pre 88 GMP	0.00%	0.00%
- Post 88 GMP	2.60%	2.40%
- Pension in excess of GMP	2.60%	2.40%
Rate of increase for deferred pensioners	2.60% / 2.50%	2.40%

21. Pension costs continued**(i) Animal Health Trust Pension and Life Assurance Scheme continued****Demographic assumptions**

	2016		2015	
	Male S2PMACmi 2015 rate of improvement of 1%	Female S2PFAcmi 2015 rate of improvement of 1%	Male PMA08cmi 2014 rate of improvement of 1%	Female PFA08cmi 2014 rate of improvement of 1%
Pre retirement mortality				
Post retirement mortality	S2PMACmi 2015 rate of improvement of 1%	S2PFAcmi 2015 rate of improvement of 1%	PMA08cmi 2014 rate of improvement of 1%	PFA08cmi 2014 rate of improvement of 1%

Life expectancies

	2016		2015	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.9 years	23.9 years	22.8 years	25.1 years
Life expectancy at age 65 for a current 45 year old	23.2 years	25.4 years	24.1 years	26.5 years

Assets

The assets of the Scheme are invested in a diversified portfolio.

	2016		2015	
	Market Value	% of total scheme assets	Market Value	% of total scheme assets
	£'000		£'000	
Equities	3,735	36.6%	3,808	41.1%
Property	510	5.0%	713	7.7%
Bonds	2,000	19.6%	1,946	21.0%
Other	3,205	31.4%	2,382	25.7%
Cash	755	7.4%	417	4.5%
Total	10,205		9,266	
Actual return on assets over the period	1,005		300	

AHT Trustees' Report and Accounts 2016

Notes forming part of the financial statements for the year ended 31 December 2016 continued.

21. Pension costs continued

(i) Animal Health Trust Pension and Life Assurance Scheme continued

Reconciliation to the balance sheet

	2016 £'000	2015 £'000
Present value of funded obligations	(17,097)	(13,299)
Fair value of Scheme assets	10,205	9,266
Pension liability recognised in the balance sheet	<u>(6,892)</u>	<u>(4,033)</u>

Analysis of changes in the value of the scheme obligations over the year

	2016 £'000	2015 £'000
Present value of funded obligations at start of year	13,299	14,279
Past service cost	(155)	-
Interest cost	525	508
Benefits paid	(330)	(310)
Actuarial loss / (gain)	3,758	(1,178)
Present value of funded obligations at end of year	<u>17,097</u>	<u>13,299</u>

Analysis of changes in the value of the scheme assets over the year

	2016 £'000	2015 £'000
Fair value of assets at start of year	9,266	9,012
Interest income	369	324
Return on scheme assets excluding amounts included in interest income	636	(24)
Employer contributions	264	264
Benefits paid	(330)	(310)
Fair value of assets at end of year	<u>10,205</u>	<u>9,266</u>

Amounts recognised in Statement of Financial Activities

	2016 £'000	2015 £'000
Interest expense	(525)	(508)
Interest income	369	324
Past service cost	155	-
Net charge	<u>(1)</u>	<u>(184)</u>
Total charge to statement of financial activities	<u>1</u>	<u>184</u>
Actuarial (loss) / gain	<u>(3,122)</u>	<u>1,154</u>

Future funding obligation

Following the completion of the actuarial valuation of the Scheme performed by the actuary for the Scheme Trustee as at 6 April 2016, AHT expects to pay £273,000 to the Scheme during the accounting year beginning 1 January 2017.

21. Pension costs continued

(ii) Universities Superannuation Scheme

AHT participates in the Universities Superannuation Scheme (USS), a defined benefit scheme, which is contracted out of the State Second Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS.

The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Trustees are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The assumptions used, movement in AHT's obligation and amounts charged to the Statement of Financial Activities are detailed below.

Financial assumptions

	2016	2015
Discount rate	2.60%	4.00%
Estimated long term per annum USS payroll growth	2.50%	3.00%

Reconciliation to the balance sheet

	2016 £'000	2015 £'000
Present value of deficit reduction obligation at 1 January	908	536
Deficit contributions paid	(63)	(40)
Unwinding of discount factor	23	21
Difference between actual and expected contribution experience	58	391
Present value of deficit reduction obligation at 31 December	926	908
Creditors due within one year	63	60
Creditors due after more than one year	863	848
	926	908

Amounts recognised in Statement of Financial Activities

	2016 £'000	2015 £'000
Service cost of benefit accrual	483	425
Unwinding of discount factor	23	21
Difference between actual and expected contribution experience	58	391
Total charge to Statement of Financial Activities	564	837

21. Pension costs continued

(ii) Universities Superannuation Scheme continued

Governance and actuarial

At 31 December 2016 AHT had 70 employees as active members of USS and there were contributions of £65,648 (2015: £62,437) included in other creditors.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since AHT cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme, as at 31 March, have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

21. Pension costs continued

(iii) GPP Scheme

From 1 April 2011, AHT has operated a defined contribution scheme for some employees, at year end there were 203 active members of the scheme. The assets of the scheme are held separately from the charity in separately administered funds. Contributions payable by AHT amounted to £387,000 (2015: £375,000) and there were contributions of £39,489 (2015: £71,338) within other creditors at the year end.

22. Contingent Liabilities

Lloyds Bank Plc issued on 23 October 2014 a guarantee amounting to up to £12,000 addressed to The Environment Agency under environmental permitting regulations relating to High Activity Sealed Radioactive Sources, to provide for disposal of a Sr-90 Source in the event of AHT failing to meet its obligations under the regulations.

23. Capital commitments

At the end of the year AHT had capital commitments contracted but not provided for of £344,724 (2015: £23,995).

24. Related party transactions

Income from related parties

	2016	2015
	£	£
Donations from associated undertakings	45,000	54,860
Rental income from subsidiary companies	11,850	18,100
Fee income from associated undertakings	255	2,597
Events income from related companies	16,425	17,135
Events income and donations from trustees	19,700	28,151
	93,230	120,843

AHT is a member and a director of Discover Newmarket Community Interest Company, an annual 'stakeholder' fee of £2,000 is paid to the company.

Animal Health Trust Promotions Limited, a wholly owned subsidiary of AHT owed £55,191 (2015: £63,375) to AHT at year end. A provision of £45,000 (2015: £nil) has been created against this as a potential bad debt.

During the year AHT provided services, on a shared costs basis, to Animal Health Trust Promotions Limited to the value of £17,132 (2015: £37,982).

Equine Genetics Research Limited, a wholly owned subsidiary of AHT owed £2,323 (2015: £nil) to AHT at year end.

The reimbursement of travel expenses, which have been made or are due to be made to three (2015: two) members of the Council of Management in respect of the year were £715 (2015: £409).

██████████ Trustee, is Chief Executive of the Bedford Lodge Hotel in Newmarket. During 2016 AHT incurred expenditure of £13,094 (2015: £11,722) with the Bedford Lodge Hotel. Of the total £5,713 (2015: £5,108) related to AHT's staff Christmas party, staff contributed £1,934 (2015: £1,637) towards the cost. AHT owed £3,313 (2015: £2,708) to Bedford Lodge Hotel at 31 December 2016.

SP Shore, Trustee, is a director of Bet Solutions International PLC. At year end the company owed AHT £6,750 (2015: £7,000) in respect to sponsorship of fundraising events.

During 2016 one (2015: no) Executive Committee member received discounts, inclusive of VAT, of £166 (2015: £nil) on veterinary services under the AHT staff discount scheme.

25. Commitments under operating leases

(a) AHT as lessee

As at 31 December 2016, AHT had total commitments under non-cancellable operating leases in respect of buildings, items of equipment and vehicles as set out below:

	2016 £'000	2015 £'000
Within 1 year	115	97
Within 1 -2 years	72	52
Within 2 - 5 years	119	97
Over 5 years	14	-
	320	246

(b) AHT as lessor

As at 31 December 2016, AHT was due rental income from properties under agreements as set out below:

	2016 £'000	2015 £'000
Agreements which expire:		
Within 1 year	9	29

26. 2015 Statement of Financial Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2015 Total £'000
Income from				
Donations, legacies and grants	3,421	1,750	23	5,194
Charitable activities				
• Scientific research	686	-	-	686
• Clinical activities	9,080	-	-	9,080
• Education	93	-	-	93
Other trading activities				
• Fundraising events	333	-	-	333
• Non charitable trading	3	-	-	3
• Rental income	31	-	-	31
Investments	65	8	-	73
Other	1,545	-	-	1,545
Total income	15,257	1,758	23	17,038
Expenditure on				
Raising funds				
• Fundraising costs	(540)	-	-	(540)
• Fundraising events	(258)	-	-	(258)
• Non charitable trading	-	-	-	-
• Investment management	(47)	-	-	(47)
	(845)	-	-	(845)
Charitable activities				
• Scientific research	(2,022)	(1,163)	-	(3,185)
• Clinical activities	(9,071)	(490)	-	(9,561)
• Education	(1,097)	-	-	(1,097)
	(12,190)	(1,653)	-	(13,843)
Other	(248)	-	-	(248)
Total expenditure	(13,283)	(1,653)	-	(14,936)
Gains / (losses) on investments	31	-	(3)	28
Net Income	2,005	105	20	2,130
Transfers between funds				
	130	(102)	(28)	-
Other recognised gains				
• Actuarial losses on defined benefit pension schemes	1,154	-	-	1,154
Net movement in funds	3,289	3	(8)	3,284
Reconciliation of funds				
Total funds brought forward	7,402	668	486	8,556
Total funds carried forward	10,691	671	478	11,840

DATED

11TH AUGUST 2023.

STATUTORY DECLARATION OF

Heather Anne Ewence

(name)

OF

6, Thyme Close, Red Lodge, Bury St Edmunds,
JE11 2JF Suffolk IP28 8FT

(address)

1 P28 8FT

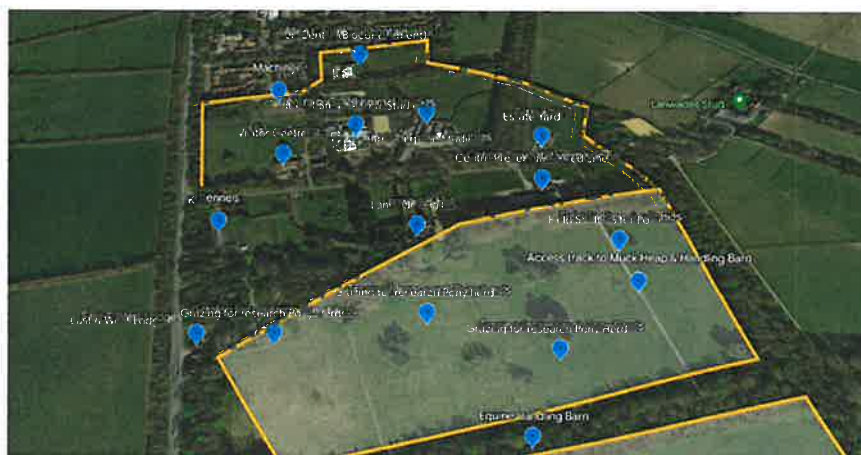
1 P28 8FT

Home Office Named Animal Care and Welfare Officer

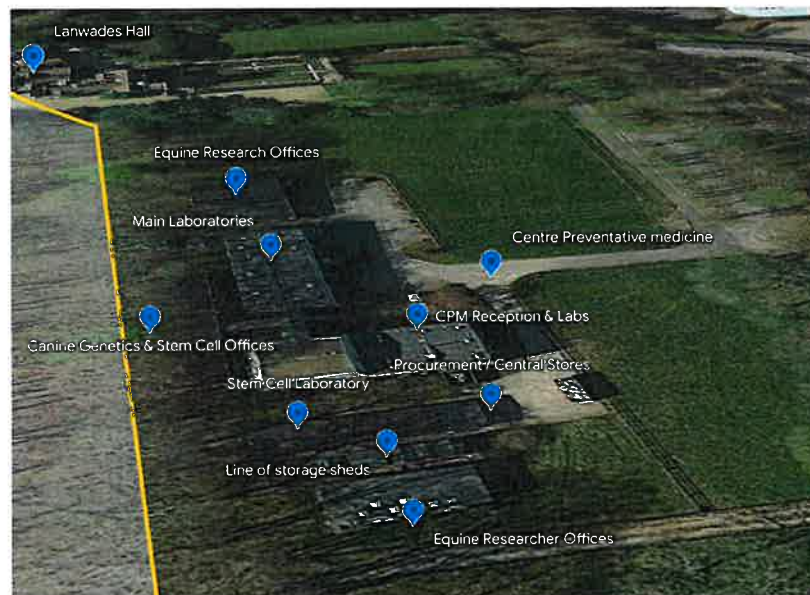
I was named on the Home Office Establishment Licence as the Named Animal Care & Welfare Officer for the Welsh Mountain pony herds which were predominantly used for equine vaccine development under the Animal (Scientific Procedures) Act 1986. I was tasked with supervising every stage of the ponies' journey from procurement, acclimatisation, scientific studies, and subsequent rehoming where authorised. I provided daily routine care and handling of ponies during quarantine, vaccination and infectious disease challenge studies that were run in the Allen Centre biocontainment facility and subsequent management of post-mortems and collection of anatomical samples. I liaised directly with multiple stakeholders including the public, executive committee, veterinary surgeons, the Home Office, research scientists, contractors, and service providers.

Newmarket Equine Security: August 2020 to January 2021 – as an Equine Welfare officer.

The site was split into main areas;



- 1) Centre of Preventative Medicine (CPM) These buildings housed Procurement (Central Stores), Canine Genetics offices and laboratories that housed the Diagnostic services team, Stem Cell research, Equine Herpes Virus, Equine Influenza, Equine Strangles, PhD Students undertaking equine funded studies such as Laminitis and Equine Grass Sickness. There was also epidemiology and disease surveillance.



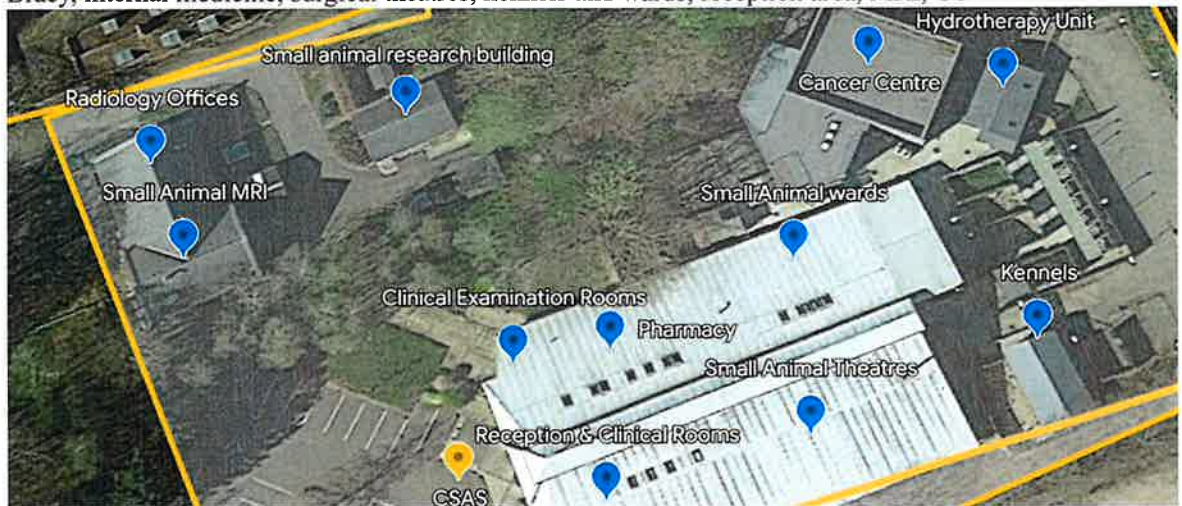
2. Estate Yard (Part of CPM) The Pony Herds comprised of around 100 Welsh Mountain Ponies who were used mostly for contract research work funded in part by commercial vaccine companies and grant funding. The grazing fields were set up in such a way that ponies would be called to the gateway and be herded along the tracks into handling barns. Below shows ponies being herded and a photo of the handling barn in the wooded area that divided the front and rear fields.



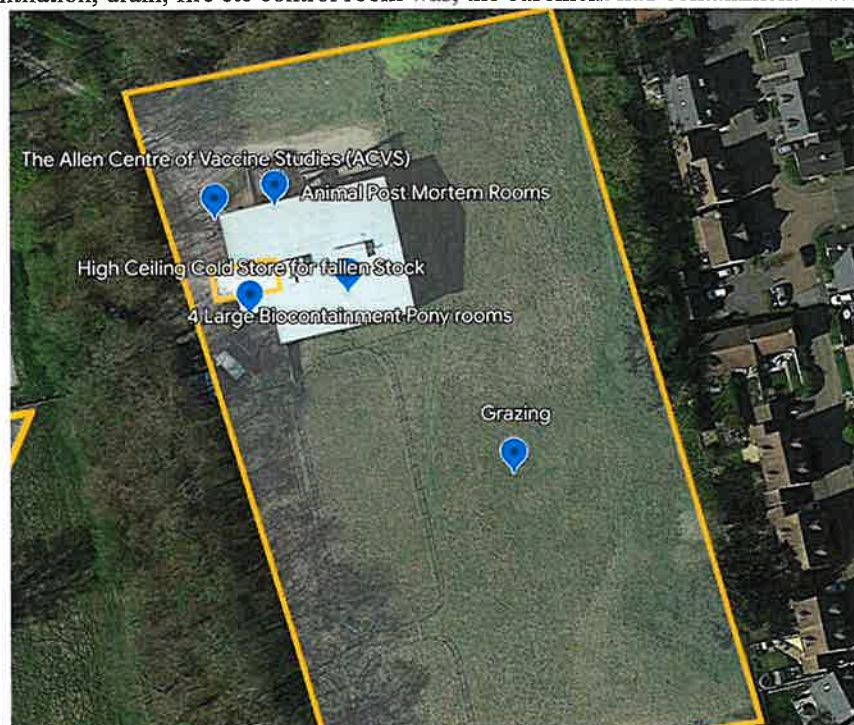
- 2) The Centre for Equine Studies (CES) One world renowned orthopaedic vet worked full time, and one equine cancer specialist, with assistance from equine interns, a resident and technicians. The facilities included a standing MRI & Radiology and surgical theatres, that were mainly used by visiting referral surgeons and a farrier's forge used by a local farrier. Clinical pathology



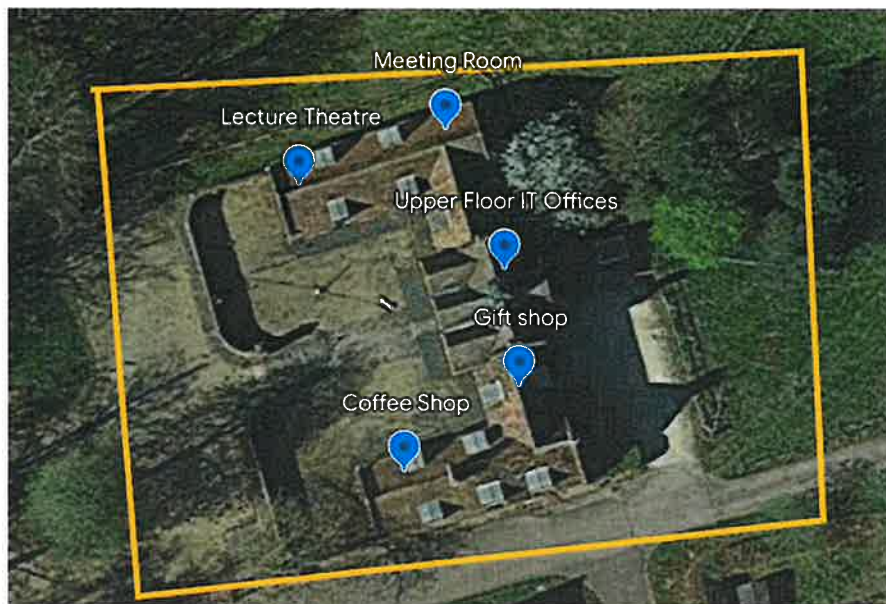
- 3) Centre of Small Animal Studies (CSAS) Referral, second opinion hospital / clinic, hydrotherapy, Bracy, internal medicine, surgical theatres, kennels and wards, reception area, MRI, CT



- 4) The Allen Centre for Vaccine Studies (Biocontainment Building) Consisted of Large and small animal postmortem rooms. A high ceiling cold storage freezer facility that housed fallen large animal stock. This was used by the AHT and was also rented by The Jockey Club Estates, as they provide a local thoroughbred service to the industry. There was 4 Home Office registered purpose-built research containment rooms for pony vaccine trials. The top floor was where all the ventilation, drain, fire etc control room was, the basement had containment waste tanks.



- 5) The Visitor Centre, lecture theatre, IT offices, Meeting Room, Coffee shop and gift shop



- 6) The Main Office – New purpose-built offices following the sale of Lanwades Hall that housed the finance team, Human Resources Department, IT, Marketing and Fundraising, the Research Contracts Manager, Health & Safety and CEO.



7) Maintenance building



There were just shy of 300 members of staff at time of going into administration. Each day there would be on average 25 to 30 deliveries to stores each day, 5 days a week. The coffee shop was run by an external company that leased the area, it was mainly visited in the latter years by staff members but was also open for everyone, that included local businesses and members of the public bringing small animals to clinics.

There were small animal nursing staff on ward duties 24 7 in the small animal clinic, but Newmarket Equine Security provided patrol services at night.

Lanwades Hall used to be the main offices and had bedsits for intern veterinarians, it also had an extensive scientific veterinary library.

The kennels were used for staff allotments and a cattery that housed blood donors as were the two gate houses West and East Lodges

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declared at 23 HIGH STREET NEWMARKET
SUFFOLK CB8 8LY

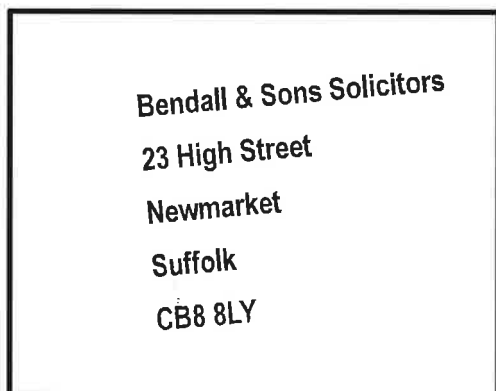
on 11TH AUGUST 2023 by

H. Ewence [signature of declarant]

in the presence of an authorised witness

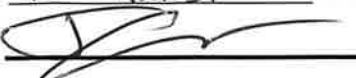
I, JAMIE DANIEL GREEN, a Solicitor (SRA ID: 659015.)

[Signature] [signature of authorised witness]



[stamp of authorised witness]

I JAMIE DANIEL GREEN a
Solicitor hereby confirm that this is
the plan referred to in the Statutory
Declaration of
HEATHER ANNE EWENCE
made before me on
11TH AUGUST 2023


[signature of authorised witness]

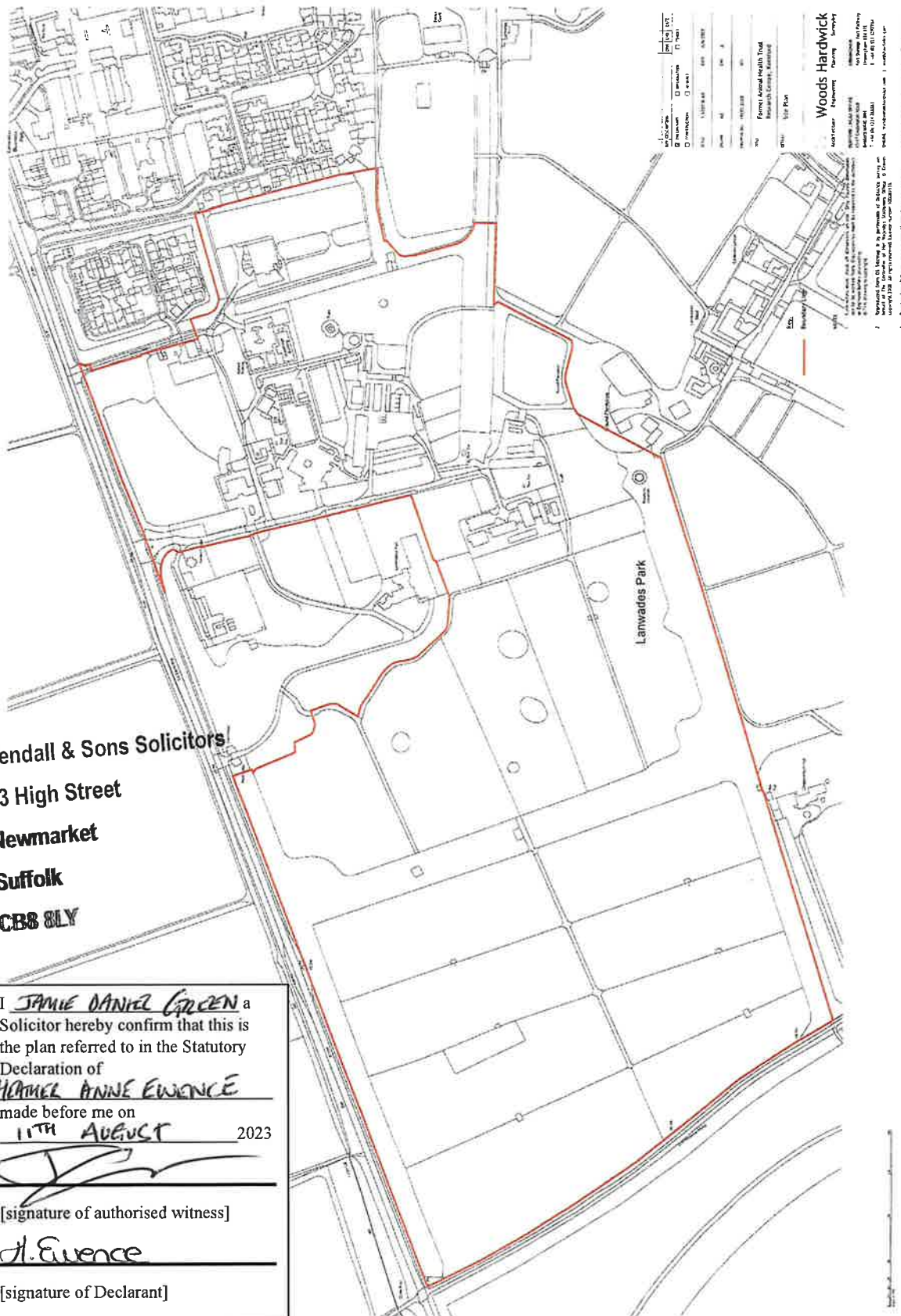
H. Ewence
[signature of Declarant]

I JAMIE DANIEL GREEN a
Solicitor hereby confirm that this is
the plan referred to in the Statutory
Declaration of
HEATHER ANNE EWING
made before me on
11TH AUGUST 2023

[signature of authorised witness]

H. Evence

[signature of Declarant]



DATED

11TH AUGUST 2023

STATUTORY DECLARATION OF

Toni-ann Hammond

(name)

OF

35 Carnation Way, Red Lodge
Bury St. Edmunds, IP28 8TW.
(address)

I Toni-ann Hammond of
35 Carnation Way, Red Lodge, Bury St. Edmunds
IP28 8TW,

do solemnly and sincerely declare as follows:

The Animal Health Trust was a registered Veterinary charity that began life in 1942 and was involved in all aspects of trying to cure animal disease and improve their health. It received no government funding.

I worked within the Centre for Preventive Medicine (CPM) on the Animal health Trusts site at Lanwades Park, Kentford from 5 October 1981 until its closure in 2020 – almost 40 years. CPM came into being after the Equine Influenza outbreak of 1979 devastated the horseracing calendar and was originally called The Equine Virology Unit (EVU). New state of the art laboratories with air filtration were built within an empty space on the first floor of what was then the Small Animal Centre. EVU was opened by the charities patron Her Majesty The Queen on 16 March 1981. The unit tested hundreds of thousands of samples submitted from equines for diagnosis of viral infections or clearance before movement in the UK or further afield around the world. The unit expanded rapidly from the three original staff to investigate outbreaks of Viral diseases and to help research and develop new vaccines. The work was essential for the Thoroughbred racing and breeding industry as well as all horse populations. Testing for Equine Viral Arteritis was developed within these laboratories and we were ready when the first outbreak occurred in 1993 after an imported stallion was used for breeding in the UK. Testing for this disease then became mandatory for the Thoroughbred industry and the disease has largely been kept out of the country since. CPM had World Health Organisation status as an expert in Equine Influenza and Equine Herpesvirus and we would receive samples from around the world as some of our tests were very specialist and not readily available as we produced everything we needed in house.

CPM offered a complete laboratory service to veterinary surgeons which was not limited to Virology but included Bacteriology, Haematology, Biochemistry, Histology, Molecular testing and Genetic typing.

The Allen Centre was constructed as a containment facility and was used to house ponies while testing new vaccines before they could be licenced for use. This building was adapted to allow it to help with the screening of thousands of sheep during the 2001 UK Foot and Mouth outbreak. This building also purpose built to house the Postmortem suite once it was relocated from Balaton Lodge in Newmarket.

The Animal Health Trust was also home to a renowned Small Animal Centre (SAC) which was opened by the charities president The Princess Royal in July 1969 and is where pioneering work was carried out mainly for dogs but this transferred to other animals. Keith Barnett was the first vet to perform Cataract surgery in dogs and some of the techniques developed at AHT have been transferred into human medicine. The SAC was a world renowned second referral practice where veterinary practices could refer patients for surgery that were too technical for the frontline vet to deal with. This department was originally on the ground floor of the EVU building with the kennels behind it but then a new state of the art building was built to house what became the Centre of Small Animal Studies as it had outgrown the space available. The centre specialised in Ophthalmology, Orthopaedics, Soft tissue surgery, Dermatology and later a specialist Cancer Centre was added.

The Equine Centre moved from Balaton Lodge in Newmarket into purpose-built buildings on Lanwades Park to bring all operations onto one site. A state-of-the-art tread mill was house here and all the studies on the effects of humidity prior to the 1996 Atlanta Olympics were carried out here.

There was also a vaccine suite at one time where Duck Hepatitis Vaccine was produced for UK duck farms in the form of foot stab doses and I was also involved in this work.

An old listed stable yard on site was developed as a Visitors Centre, Coffee and Gift shop and Lecture Theatre. The first floor of this building housed the IT department.

When Lanwades Hall was sold because of the cost of repairs that were needed two new building were erected, one as the offices for the administration staff of the AHT and the other as an accommodation block for visiting workers.

The Animal Health Trust employed more than 250 staff from administerial, to technical, scientific, Veterinary and support staff. Die to the nature of its business caring for sick animals it operated 24 hours a day and saw many visiting workers and students from around the world.

Toni-ann Hammond

Former Senior Diagnostic Virology Technician, Animal Health Trust

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declared at 23 HIGH STREET, NEWMARKET
SUFFOLK, CB8 8LY.
on 11TH AUGUST 2023 by

T.H. [signature of declarant]

in the presence of an authorised witness

I, JAMIE DANIEL GREEN, a Solicitor (SRA ID: 659015)

[Signature] [signature of authorised witness]

Bendall & Sons Solicitors
23 High Street
Newmarket
Suffolk
CB8 8LY

[stamp of authorised witness]

Bendall & Sons Solicitors
23 High Street
Newmarket
Suffolk
CB8 8LY

I, JAMIE DANIEL GREEN
Solicitor hereby confirm that this is
the plan referred to in the Statutory
Declaration of
Toni-Ann Hammond
made before me on
11TH AUGUST 2023

[signature of authorised witness]

[signature of Declarant]

[illegible]