

THE  
**RACING**  
FOUNDATION

ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

Charity Registration Number: 1145297  
Company Registration Number: 07890908

**THE RACING FOUNDATION**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**THE RACING FOUNDATION**

**REFERENCE AND ADMINISTRATION DETAILS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Charity name**

The Racing Foundation

**Charity registration number**

1145297

**Company registration number**

07890908

**Registered address**

75 High Holborn  
London  
WC1V 6LS

**Directors and Trustees during the year**

Ian Barlow

Jane Keir

William Rucker

Mark Johnston

Linda Bowles (10<sup>th</sup> April 2018)

Susannah Gill (10<sup>th</sup> April 2018)

**Key Management Personnel**

**Chief Executive Officer**

Rob Hezel

**Grants Manager**

Tansy Challis

**Independent auditor**

RSM UK Audit LLP  
Bluebell House  
Brian Johnson Way  
Preston  
PR2 5PE

**Bankers**

Weatherbys Bank Ltd  
Sanders Road  
Wellingborough  
Northamptonshire  
NN8 4BX

**Investment managers**

Cazenove Capital  
Management  
12 Moorgate  
London  
EC2R 6DA

James Hambro & Partners  
Ryder Court  
14 Ryder Street  
London  
SW1Y 6QB

Ruffer LLP  
80 Victoria Street  
London  
SW1E 5JL

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

## **THE RACING FOUNDATION**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The Trustees are pleased to present their annual directors report together with the financial statements of the charity for the year ending 31 December 2018 which are also prepared to meet the requirements for directors' report and accounts for companies act purposes.

The financial statements comply with the charities act 2011, the Companies Act 2006, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with financial reporting standard applicable in the UK and Republic of Ireland (FRS 102).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### ***Governing Document***

The Racing Foundation was founded by its three Members, the British Horseracing Authority, the Racecourse Association and the Horsemen's Group in December 2011 so that the racing industry had an appropriate vehicle to accept and distribute funds arising from the government's sale of the Horserace Totalisator Board ('Tote').

The Racing Foundation is constituted as a company limited by guarantee, incorporated on 22<sup>nd</sup> December 2011 and registered as a charity on 6<sup>th</sup> January 2012. In the event of the company being wound up, Members are required to contribute an amount not exceeding £1. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

#### ***Trustee Induction and Training***

New Trustees are appointed with reference to the role description and person specification for Racing Foundation Trustees. This description is amended to reflect specific skills the Trustees consider they may require at each appointment stage. All Trustees receive an introductory presentation from Foundation staff and are provided with a range of documentation to update them on the Foundation's strategy, governance, policies and current challenges.

Trustees are encouraged to keep updated with relevant legislation, developments and best practice both within the racing and charity sectors and are regularly updated by staff at and between meetings.

#### ***Related Parties and co-operation with other organisations***

The Foundation regularly updates its Members on key issues. This has included the appointment of new Trustees and the development of a new three-year strategy. The Foundation engages with senior management and staff at the Member organisations to ensure it has a broad understanding of the industry and to provide greater detail and understanding on key issues.

#### ***Pay policy for senior staff***

Staff remuneration is reviewed annually at the year-end by the Chair and any changes are proposed to the Trustees for approval. During February 2018 Trustees approved an alignment of salaries against the mid-point range of benchmarks provided independently by Prospectus (third sector recruitment specialists).

#### ***Appointment of Trustees***

The Members are responsible for the appointment of directors, who are also charity Trustees for the purposes of charity law. The number of Trustees shall consist of at least two and not more than six persons. Members appoint Trustees for terms of up to three years. Unless the Members agree unanimously, a Trustee may only serve a maximum of two terms before stepping down for a period. All new Trustees are given a full induction on joining the board of Trustees.

Jane Keir, Ian Barlow and William Rucker ended their first terms as Trustees at the 31<sup>st</sup> December 2018. Members have agreed to extend their terms by one, two and three years respectively.

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### *Organisation*

The Trustees are responsible for the governance of the charity and for the use of its funds. In particular, the Trustees are responsible for setting the charity's strategy and policies, and monitoring progress and fulfilment of these. During the year the Trustees engaged with a range of stakeholders to assist in enabling them to set a new strategy for the next three years. Day to day management of the charity's affairs is delegated to the Chief Executive Officer who is supported by a Grants Manager. These individuals form the key staff for the charity and remuneration is set and reviewed annually by the Trustees.

#### OBJECTIVES AND ACTIVITIES

The objects of the charity are:

The advancement for the public benefit of any charitable purpose associated with the horseracing and thoroughbred breeding industry or with equine welfare, in each case by making grants to charities for such charitable purpose or purposes.

In furtherance of these objects, the Trustees developed a strategic plan which provides a framework for how the Foundation will operate over the period 2015-2018. The Foundation considers that the funds it has received from the government's sale of the Tote represent a unique opportunity to establish a lasting legacy for the horseracing and thoroughbred breeding industry. Therefore, in developing this plan, the Trustees agreed to take an approach that:

- Balances the needs of current and future generations;
- Develops supportive relationships with charities, based on mutual trust and respect;
- Encourages continuous improvement, reflection and learning; and,
- Reflects our independence and long-term perspective.

2018 was the first year of implementation of the Foundations strategy for 2018-2020, the strategy commits the foundation to:

- A spend of up to £10m over the period plus loan capital for relevant industry projects
- Alignment with industry strategies
- A concentration on people and horses
- Our own measurable improvement
- Increased responsibility for results

The app strategy documents the Foundation's purpose, ambitions and activity for the next three years.

The Foundation's purpose is defined as:

- We exist to make a difference in racing by acting as a catalyst and a funder if improvement.

The Foundation's ambitions will be to:

- We will invest in the industry's people agenda to attract, develop and retain more staff.
- We will invest in the industry's equine agenda on welfare and research.
- We will challenge, collaborate with and support our charity and industry partners to improve the industry.

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

- We will be flexible and respond to any emerging needs if required.

The Foundation's activity will involve:

- Grant and loan funding
- Supporting the charity sector
- Ensuring delivery of our own processes and governance

The strategy is available to view in full at [www.racingfoundation.co.uk](http://www.racingfoundation.co.uk).

#### STRATEGIC REPORT

##### *Grant Making Policy*

The Foundation may only make grants to charities which have been established in the UK.

The Trustees of the Foundation are committed to ensuring that the Foundation's funds are applied appropriately for eligible purposes only and are subject to appropriate terms and conditions. To that end, the Trustees have set out the guidelines which shall be followed when considering any prospective grant.

- Social welfare
  - The improvement in the health or the rehabilitation from injury of current or former Members of the horseracing industry.
  - The prevention or relief of poverty amongst current or former Members of the horseracing industry and their dependents.
  - Community development work in areas particularly connected with the horseracing industry (provided it is clear how such grant will benefit current or former Members of the horseracing industry).
- Education, training and participation
  - The promotion of education and training connected with the horseracing and thoroughbred breeding industry.
- Equine science research
  - Applied research in the field of equine science insofar as the research project has immediate practical benefits to thoroughbred horseracing (but only where the useful results of any such research will be published and publicised).
- Thoroughbred horse welfare
  - The improvement of the welfare of current or former thoroughbred racehorses.
- Heritage and culture
  - The preservation or enhancement of the understanding of the history of the sport of horseracing, and its associated cultural impacts.

##### *Public Benefit*

The Trustees have referred to the Charity Commission's guidance on public benefit when reviewing aims and objectives and when planning future activities. Particular attention was paid to this guidance when preparing the charity's grant making policy such that grants will only be made to charities for charitable purposes, in accordance with the Racing Foundation's own objects. The grant application process has also been designed to ensure that it is accessible to all eligible applicants. Furthermore, charities applying for funding are asked to clearly state what benefits arise from their work and the Foundation's Trustees will give this their full consideration when awarding grants. The Trustees are

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

#### STRATEGIC REPORT (continued)

therefore satisfied that the Foundation meets the Charity Commission's public benefit test. Details of the Foundation's achievements and performance in 2018 against the 2018-2020 strategic plan are listed below:

##### *Achievements and Performance*

***During the year Trustees approved the contents of a Strategy Dashboard to allow them to monitor performance over the three-year period. The dashboard reports on the key commitments made by the Foundation; the commitments to speed up funds flowing into the industry, narrowing of the focus of the grants made and aligning with industry strategy as well as the types of grants made and the nature and number of the beneficiaries.***

- Speeding up funds flow has been delivered with £6.01m of grants awarded in the year. The Foundation is 60% of the way to its 3-year grant target of £10m.
- The strategy commits to a focus on people and horses. In 2018 the focus on people is clearly demonstrated with 91% of grant funding being awarded to people projects:

Nature of grant	Number of grants	Value of grants	% of grants
People	23	£5.48m	91%
Equine	6	£0.28m	5%
Other	1	£0.25m	4%

- Grants awarded being aligned with industry strategy was a key message received from stakeholders. In the year 65% of grants were aligned with industry strategy, 33% were endorsed by key industry bodies however no clear strategy existed and 2% of grants had no direct industry strategy alignment.
- The following types of grant were awarded in the year:
  - Continuity funding 10
  - Core activity 4
  - New projects 9
  - Research projects 7
- The analysis of grant beneficiaries is as follows:

Type of beneficiary	Number of grants	Total beneficiaries covered by the grant
Racing staff	9	12,188
Jockeys	7	2,044
Stable staff	6	2,276
Retired racehorses	4	168
Horses in training	3	9,200
Other	1	33,002 ( Includes visitors to the NHM)

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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### STRATEGIC REPORT (continued)

#### Achievements and Performance (continued)

##### *The Foundation continues to engage with Racing Charities more generally to support their work.*

- In addition to the grants awarded, the Foundation has sought to encourage and support collaboration among racing charities. The Foundation has created opportunities for racing charities to work together notably through hosting of an industry conference and work on creating resources to assist the racing charity community. Membership for all racing charities of the National Council for Voluntary Organisations (NCVO) was continued.

##### *We continue to ensure the effective delivery of our own processes and governance.*

- The Foundation seeks to maintain effective systems of governance. Four board meetings were held during 2018. Three Small Grants Committee meetings were held during 2018 with a 97% attendance record from Members (100% 2017).
- The Foundation's activities are sustained by financial returns generated by its designated and expendable endowment funds. Management of these funds plays a crucial role in the Foundation's ability to support the funding of current and future generations within horseracing. Investment policy and performance is discussed in more detail below under 'investment policy and performance' however during the year investment losses of £5.4m were recorded. Cumulatively, since inception, in 2012, investment returns have exceeded the targets set by Trustees by approximately 15%.
- Support costs, management and administration were 3% (2017: 6%) of total resources expended. This reflects the increased giving while maintaining the existing cost structure.
- The Foundation maintains a presence on the internet at [www.racingfoundation.co.uk](http://www.racingfoundation.co.uk). The Foundation also sends out regular e-newsletter to charities and other stakeholders to keep them abreast of Foundation news and uses a revised Twitter handle: @racinggrants to provide grant alerts and updates on the charities and projects it supports. An increased focus on communications has occurred during the year with trustees approving a revised plan supported by increased resources for 2019.

The Foundation delivered positively against its strategy in 2018 supporting 40 bids with £6,012k of grants, providing opportunities for racing charities to network and develop and effectively managing its own resources.

## **RACING FOUNDATION**

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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##### **Financial Review**

The Racing Foundation received its final payment from the Department of Media, Culture and Sport in 2014. Its receipts have been placed with investment managers, with the aim of preserving the capital over the long term and generating investment income to fund grant-making activities.

The Foundation generated income from bank deposits and investments amounting to £2,068k (2017: £2,205k). Investment losses of £5,400k (2017: £5,611k gain) occurred. The losses sustained in 2018 had been largely recovered by the 23<sup>rd</sup> March 2019 with the value of investments held by investment managers increasing by £5,152k to £82,465k, (31st December 2018 £77,313k)

Expenditure totalled £6,407k (2017: £3,590k), including grants of £6,012k (2017: £3,179k). This figure represents the value of grants awarded at the date Trustees approved them. Many awards are multi-year in nature despite the full cost being recognised in 2018 and in cash terms will be funded out of future income.

Overall, as at 31 December 2018 the Foundation's net funds stood at £82,445k (2017: £92,184k).

##### ***Reserves Policy and going concern***

The Foundation has adopted a policy of maintaining the long-term real capital value of all receipts arising from the government's sale of the Tote and only spending the financial return derived from the capital. This will ensure that the Tote sale proceeds generate a lasting legacy, which will benefit both current and future generations.

The funds received from the Department of Culture Media and Sport as expendable endowment, are held separately in the accounts along with a designated fund, representing those funds received from the Department of Culture Media and Sport in 2012, which did not carry the expendable endowment restriction on use. Whilst these monies came without restriction, the Trustees felt that it was important to treat these as contributing towards the long-term legacy of the Tote sale and placed an expendable endowment restriction on them too. While Charity Law does not allow for these funds to be merged they are treated identically.

The Foundation also maintains a general reserve. This unrestricted fund is used to accumulate investment income prior to being spent on charitable grants and costs associated with administering the Foundation.

##### ***Investment Policy and Performance***

The Foundation has an investment policy, which applies to all monies held within the expendable endowment fund and the designated fund. The policy aims to maintain the real capital value over the long-term, whilst generating a sustainable level of return to support the grant-making activities of the Foundation.

In order to control risk and volatility in the investment portfolio, Trustees have adopted a long-term annual expenditure target of at least 3% of the investment asset value. As a result, the Trustees have adopted an investment performance benchmark of inflation (as measured by the Consumer Prices Index) plus 3% per annum, in the medium to long term after all costs.

The Foundation used the services of four investment managers during the year. Cazenove Capital Management, James Hambro and Partners and Sarasin and Partners LLP, (added in 2016) are the main investment managers, with a smaller additional sum invested with Ruffer. The performance of these investment managers is closely monitored by the Trustees, with the assistance of a specialist independent investment advisor who also advises Trustees on reviewing and updating the investment policy.

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### STRATEGIC REPORT (continued)

##### *Performance*

The overall performance of investment managers fell short of the targets set for the year. Trustees expected performance to reflect a net increase (in capital value and the generation of investment income) of CPI plus 3% which equated to 5.2% in 2017. Actual performances were:

Manager	2018 target	2018 actual	Target from inception	Actual from inception
James Hambro	5%	-4.1%	32.5%	57.3%
Cazenove	5%	-3.9%	35.5%	40.3%
Ruffer	5%	-6.7%	32.5%	29.3%
Sarasin	5%	-4%	14.7%	12.1%

This resulted in a loss on investments of £5.4m in the year. The Foundation investments are made for the long-term in line with our investment policy, based on the professional advice we source. It is inevitable that market fluctuations will have an adverse impact on the value of our investments at certain times.

##### **Plans for future Periods**

Trustees have approved a business plan and budget for 2019. The Foundation's activity will involve:

##### Grant and loan funding:

- Three full grant and three small grant rounds will be run in the year
- We will examine the practicality of using our balance sheet to support the sport
- We will look to extend our articles to give us greater flexibility in supporting charitable causes within the sport
- We will evaluate elements of our giving to date to inform our own and industry strategies

##### Supporting the charity sector:

- We will support Scottish Racing to deliver the recently funded education project
- We will work closely with Racing Welfare to develop our partnership and ensure successful delivery of the wellbeing programme we have funded
- Support industry colleagues in developing equine welfare and people strategies

##### Ensuring delivery of our own processes and governance:

- Introduce a scrutiny panel to gather feedback from charities and industry stakeholders
- Increase our communication resources delivering greater awareness of our work
- Review best practice guidance for charities and ensure our own compliance

The activity will contribute towards delivery of our strategy which is available to view in full at [www.racingfoundation.co.uk](http://www.racingfoundation.co.uk).

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

#### Principal Risks and Uncertainties

The principal risks identified by Trustees together with the actions taken to mitigate these risks are set out below:

Risk description	Risk mitigation
<b>Stock market volatility:</b> Market volatility may impact upon both levels of investment income generated and the real value of the funds held.	The Trustees have consulted widely and taken advice during on their investment policy and approach. Managers performance continues to be closely monitored and Trustees have independent advisors who attend all meetings to advise them.
<b>Lack of continuity and infrastructure:</b> The need to replace Trustees and the small staff numbers threaten continuity.	Two new Trustees were appointed at the start of 2018. A management review of staffing will result in additional resource to provide support on communications and other key projects during 2019.
<b>Industry alignment:</b> The Trustees use only the funds generated annually from investments (with some flexibility) and aim to maintain the real value of the investment to benefit future generations. This policy could come under scrutiny and pressure due to the financial demands stakeholders face in delivering and improving the sport.	The Trustees continue to be very clear to all stakeholders on their policy that Foundation funds are held as an endowment. The Foundation engaged widely with stakeholders over the formulation of its new strategy and responded to stakeholder views. Performance in 2018 has delivered against the commitments made to stakeholders.
<b>IT fraud, cyber attack:</b> The general levels of IT fraud have escalated however no attacks have taken place in year.	The Trustees are satisfied that the current procedures protect them as far as is reasonable as the general IT systems and security infrastructure have been reviewed with the auditors.

The Trustees have adopted a formal risk management process to assess risk and implement risk management strategies. This process involves:

- A quarterly review to identify the risks the Foundation may face.
- The establishment of systems and procedures to mitigate against those risks.

As a result of this process, the Trustees are satisfied that adequate procedures and systems are in place to effectively manage risk.

#### TRUSTEES' RESPONSIBILITIES STATEMENT

The Foundation's Trustees (who are also the directors for the purposes of Company Law) are responsible for preparing the Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law and the law applicable to charities in England and Wales requires the charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities SORP (2016). They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Statement of Disclosure to Auditors

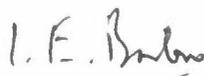
In so far as the Trustees are aware:

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

#### DECLARATION

The Trustees declare that they have approved the Trustees' report above.

Signed on behalf of the charity's Trustees



Ian Barlow  
Chairman of the Trustees

9<sup>th</sup> April 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RACING FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Opinion**

We have audited the financial statements of The Racing Foundation (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RACING FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2018

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities [set out on page ...], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Musgrave (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Bluebell House  
Brian Johnson Way  
Preston  
PR2 5PE

22 July 2019

**THE RACING FOUNDATION**

**STATEMENT OF FINANCIAL ACTIVITIES**

**(Including the Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2018 £000s	Total 2017 £000s
<b>Income and endowments from:</b>					
Donations and legacies		-	-	-	-
Income from investments		2,068	-	2,068	2,205
<b>Total income and endowments</b>	<b>3</b>	<b>2,068</b>	<b>-</b>	<b>2,068</b>	<b>2,205</b>
<b>Expenditure from:</b>					
Raising funds:					
Investment management costs		-	(175)	(175)	(184)
Charitable activities:					
Grant making		(6,232)	-	(6,232)	(3,406)
<b>Total expenditure</b>	<b>4</b>	<b>(6,232)</b>	<b>(175)</b>	<b>(6,407)</b>	<b>(3,590)</b>
<b>Net (expenditure)/income</b>		<b>(4,164)</b>	<b>(175)</b>	<b>(4,339)</b>	<b>(1,385)</b>
Net gains/(losses) on investments		(718)	(4,682)	(5,400)	5,611
Transfers between funds		-	-	-	-
<b>Net movement in funds</b>		<b>(4,882)</b>	<b>(4,857)</b>	<b>(9,739)</b>	<b>4,226</b>
<b>Total funds brought forward</b>		<b>19,241</b>	<b>72,943</b>	<b>92,184</b>	<b>87,958</b>
<b>Total funds carried forward</b>		<b>14,359</b>	<b>68,086</b>	<b>82,445</b>	<b>92,184</b>

All of the activities are continuing. There were no recognised gains or losses other than those stated above.

The notes on pages 16 to 25 form part of these financial statements

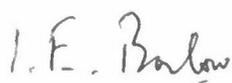
**THE RACING FOUNDATION**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2018**

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2018 £000s	Total 2017 £000s
<b>Fixed Assets</b>					
Tangible assets	9				-
Investments	10	11,065	66,248	77,313	81,948
<b>Total fixed asset</b>		<u>11,065</u>	<u>66,248</u>	<u>77,313</u>	<u>81,948</u>
<b>Current assets</b>					
Debtors	11	15	-	15	37
Cash at bank and in hand	12	10,092	1,838	11,930	13,459
<b>Total current assets</b>		<u>10,107</u>	<u>1,838</u>	<u>11,945</u>	<u>13,496</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(3,519)</u>	<u>-</u>	<u>(3,519)</u>	<u>(2,289)</u>
<b>Net current assets</b>		<u>6,588</u>	<u>1,838</u>	<u>8,426</u>	<u>11,207</u>
<b>Creditors: amounts falling due after one year</b>	14	<u>(3,294)</u>	<u>-</u>	<u>(3,294)</u>	<u>(971)</u>
<b>Net assets</b>		<u>14,359</u>	<u>68,086</u>	<u>82,445</u>	<u>92,184</u>
<b>Funds of the charity</b>					
Unrestricted funds - general		3,865	-	3,865	8,029
- designated		10,494	-	10,494	11,212
Endowment funds		-	68,086	68,086	72,943
<b>Total funds</b>	15	<u>14,359</u>	<u>68,086</u>	<u>82,445</u>	<u>92,184</u>

These financial statements were approved and authorised for issue by the Trustees on 9<sup>th</sup> April 2019 and were signed on their behalf by:



Ian Barlow  
Chairman of the Trustees

The notes on pages 16 to 25 form part of these financial statements.

**THE RACING FOUNDATION**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Notes</b>	<b>Total 2018 £000s</b>	<b>Total 2017 £000s</b>
<b>Cash flows from operating activities</b>	<b>16a</b>	<u>(2,831)</u>	<u>(2,329)</u>
<b>Cash flows from investing activities</b>			
Investment income received		2,068	2,205
Proceeds from sale of investments		10,951	16,557
Payments to acquire investment assets		(11,716)	(8,851)
Payments to acquire tangible fixed assets		<u>-</u>	<u>-</u>
<b>Net cash used in investing activities</b>		<u>1,303</u>	<u>9,911</u>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>16b</b>	<u>(1,529)</u>	<u>7,582</u>

The notes on pages 16 to 25 form part of these financial statements.

# THE RACING FOUNDATION

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. BASIS OF PREPARATION

##### 1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £'000 unless otherwise stated.

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

##### 1.2 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its risks successfully. Accordingly, they adopt the going concern basis in preparing the annual report and accounts.

#### 2 ACCOUNTING POLICIES

##### 2.1 Incoming resources

Income is included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the resources;
- the Trustees are virtually certain they will receive the resources; and
- the monetary value can be measured with sufficient reliability.

Where incoming resources have related expenditure the incoming resources and related expenditure are reported gross in the SoFA.

Grants and donations are only included in the SoFA when the charity has unconditional entitlement to the resources.

Short term debtors are measured at transaction price, less any impairment.

Investment income is included in the accounts when due. Investment gains and losses include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to market value at the end of the year.

##### 2.2 Expenditure and liabilities

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Governance costs include costs of the preparation and audit of statutory accounts, the costs of Trustee meetings and cost of any legal advice to Trustees on governance or constitutional matters.

## THE RACING FOUNDATION

### NOTES TO THE ACCOUNTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2 ACCOUNTING POLICIES (continued)

Where the charity gives a grant commitment with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has agreed to provide the specified service or output. Grants commitments payable without performance conditions are recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

Support costs have been allocated to activity on the basis of staff time and resources.

### 2.3 Assets

Tangible fixed assets for use by charity are capitalised if they can be used for more than one year, and cost at least £1,000. They are valued at cost or a reasonable value on receipt.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

Office equipment over 4 years

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities.

### 2.4 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### 2.5 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at settlement value.

### 2.6 Funds

General unrestricted funds are donations and other income receivable or generated for the objects of the charity.

Expendable endowment funds and designated funds are held separately from general unrestricted funds. There is no requirement to spend or apply the capital from either of these funds unless, or until, the Trustees decide to spend it. If the Trustees exercise the power to spend or apply the capital of the expendable endowment or designated funds, the relevant funds are transferred to unrestricted general funds in line with the terms of the original grant from the department of culture, media and sport.

### 2.7 Investment Policy

The investment policy applies to all monies held within the expendable endowment fund and the designated fund. Investments are stated at market value at the balance sheet date, the cost of investments includes commission paid to the investment managers. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the balance sheet date. Exchange gains and losses arising on translation are included as part of the change of market value in the investments.

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>3. ANALYSIS OF INCOMING RESOURCES</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Investment income</b>		
Dividends receivable	2,052	2,183
Bank interest	16	22
	<hr/>	<hr/>
<b>Total</b>	<b>2,068</b>	<b>2,205</b>
	<hr/>	<hr/>
<b>4. ANALYSIS OF RESOURCES EXPENDED</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cost of generating funds</b>		
Cost of generating voluntary income	-	-
Investment management fees	148	157
Independent investment advice	27	27
	<hr/>	<hr/>
	175	184
<b>Charitable activity: grant making</b>		
Grants payable (see note 5)	6,012	3,179
Other charitable activity	14	11
Support costs (see note 6)	190	200
Governance - Auditor's fee	15	15
Governance - Trustees expenses	1	1
	<hr/>	<hr/>
	6,232	3,406
	<hr/>	<hr/>
<b>Total</b>	<b>6,407</b>	<b>3,590</b>
	<hr/>	<hr/>

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>5. GRANT EXPENDITURE</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Social Welfare:		
Spinal Injuries Association	2	-
Injured Jockeys Fund	-	500
Racing Welfare	3,983	99
Racing Centre	154	-
Imperial College London	240	-
Inspire Foundation	18	-
British Racing School	10	-
Liverpool John Moores University	185	-
Manchester Metropolitan University	2	-
Horseback UK	-	5
Concussion Foundation	-	250
	<hr/> 4,594	<hr/> 854
Education, Training and Participation:		
Northern Racing College	20	38
British Racing School	10	171
Greatwood Charity	10	30
University of Liverpool	88	120
HEROS	112	6
Pony Club	10	15
Thoroughbred Breeders Association	12	117
Racing to School	161	42
National Trainers Federation	-	68
Abingdon and Witney College	(30)	56
Durham University	-	10
Active Communities Network	83	-
Ebony Horse Club	20	-
Resume Foundation	200	-
Scottish Racing	178	-
Queen Margarete University	10	-
Hartbury College	5	-
Racehorse Sanctuary	-	5
Racing Centre	-	1
	<hr/> 889	<hr/> 679
Equine Science Research:		
Horserace Betting Levy Board	150	200
	<hr/> 150	<hr/> 200
Thoroughbred Horse Welfare:		
Retraining of Racehorses	36	19
Thoroughbred Health Network	21	-
Racehorse Rescue Centre	2	-
British Thoroughbred Rehabilitation Centre	25	5
RSPCA	5	-
University of Exeter	-	39
Thoroughbred Breeders Association	-	10
New Beginnings	40	10
	<hr/> 129	<hr/> 83
Heritage and Culture:		
National Horseracing Museum	250	317
	<hr/> 250	<hr/> 317
Injury and Rehabilitation Initiative:		
Racing Welfare	-	113
	<hr/> -	<hr/> 113

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>5. GRANT EXPENDITURE (continued)</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Personal Development Initiative:		
Wavertree Charitable Trust	-	13
Northern Racing College	-	100
British Racing School	-	47
Racing Welfare	-	86
	<u>-</u>	<u>246</u>
Equine Welfare Initiative:		
University of Bristol	-	687
	<u>-</u>	<u>687</u>
<b>Total grant expenditure</b>	<u>6,012</u>	<u>3,179</u>

All grants were made to organisations. No grants were made to individuals.

<b>6. SUPPORT COSTS</b>	<b>Grant making</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
Management & administration	135	135
Website, IT and communications	23	23
Travel and general office expenses	31	31
	<u>171</u>	<u>189</u>

All support costs are allocated to activities based on the approximate amount of staff time devoted to each activity.

**7. TRUSTEE REMUNERATION AND EXPENSES**

The Trustees received no remuneration for their role as Trustee during this or the preceding year.

Trustees' expenses of £656 (2017: £829) are included in charitable activities. These relate to travel and accommodation costs commensurate with attending Trustee meetings. Expenses were reimbursed to 3 Trustees during the year (2017: 1).

<b>8. STAFF COSTS</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Gross wages	111	100
Employer's national insurance contributions	13	11
Pension costs	11	10
Other benefits	-	-
<b>Total staff costs</b>	<u>135</u>	<u>121</u>

2 employees were employed by the company during the year (2017: 2)

Key staff incurred total remuneration costs of £135k during the year (2017: £121k).

1 employee earned between £70-£80k during the period (2017: 1).

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

9. TANGIBLE FIXED ASSETS	Office Equipment £000s	Total £000s
<b>Cost</b>		
Balance brought forward	11	11
Additions	-	-
Balance carried forward	<u>11</u>	<u>11</u>
<b>Depreciation</b>		
Balance brought forward	10	10
Depreciation charge for the year	1	1
Balance carried forward	<u>11</u>	<u>11</u>
<b>Net book value</b>		
Balance brought forward	<u>1</u>	<u>1</u>
Balance carried forward	<u>-</u>	<u>-</u>
<b>10. FIXED ASSETS INVESTMENTS</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Carrying market value at the beginning of the year	81,948	84,043
Additions to investments at cost	11,716	8,851
Disposals at carrying value	(10,951)	(16,557)
Investment gains/(losses)	(5,400)	5,611
Carrying market value at end of year	<u>77,313</u>	<u>81,948</u>
<b>Historical cost at end of year</b>	<u>71,195</u>	<u>68,938</u>
<b>Analysis of investments (at market value)</b>	<b>£000s</b>	<b>£000s</b>
Listed investments:		
Fixed interest securities	16,132	16,995
Equity shares	49,290	51,871
Common investment funds, investment trusts & unit trusts	<u>11,891</u>	<u>13,082</u>
Carrying market value at end of year	<u>77,313</u>	<u>81,948</u>
All investments held by the Foundation are registered on recognised UK, USA and International stock exchanges.		
<b>Material investment holdings (at market value)</b>		
The following investments represent more than 5% of the value of total investments:		
	<b>£000s</b>	<b>£000s</b>
CF Ruffer Absolute Return Fund	<u>8,314</u>	<u>9,010</u>

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>11. DEBTORS</b>					<b>2018</b>	<b>2017</b>
					<b>£000s</b>	<b>£000s</b>
Prepayments and accrued income					15	37
<b>12. CASH AT BANK</b>					<b>2018</b>	<b>2017</b>
					<b>£000s</b>	<b>£000s</b>
Cash on deposit with investment managers					1,837	2,721
Cash on bank deposit					9,725	1,282
Current account					368	9,456
					11,930	13,459
<b>13. CREDITORS: amounts falling due within one year</b>					<b>2018</b>	<b>2017</b>
					<b>£000s</b>	<b>£000s</b>
Grant commitments					3,425	2,214
Accruals and deferred income					23	23
Other creditors					71	52
					3,519	2,289
<b>14. CREDITORS: amounts falling due after more than one year</b>					<b>2018</b>	<b>2017</b>
					<b>£000</b>	<b>£000</b>
Grant commitments					3,294	971
<b>15. FUNDS ANALYSIS</b>	<b>Balance Brought Forward</b>	<b>Incoming Resources</b>	<b>Outgoing Resources</b>	<b>Transfers</b>	<b>Gains and Losses</b>	<b>Balance Carried Forward</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Unrestricted funds</b>						
General reserves	8,029	2,068	(6,232)	-	-	3,865
Designated	11,212	-	-	-	(718)	10,494
	19,241	2,068	(6,232)	-	(718)	14,359
<b>Endowment funds</b>						
Expendable:	-	-	-	-	-	-
Tote Sale Proceeds	72,943	-	(175)	-	(4,682)	68,086
<b>Total funds</b>	<b>92,184</b>	<b>2,068</b>	<b>(6,407)</b>	<b>-</b>	<b>(5,400)</b>	<b>82,445</b>

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**15. FUNDS ANALYSIS (continued)**

**Unrestricted General Reserves**

The general reserve represents those unrestricted funds held by the charity which have not been designated for a specific purpose. These funds receive all endowment income and are held to cover grant expenditure and the ongoing costs of administering the charity.

**Unrestricted Designated – Tote Sale Proceeds**

The Tote Sale Proceeds designated fund was established to hold funds granted by the Department for Culture Media and Sport, where those funds were not restricted as expendable endowment. Although unrestricted, the Trustees had chosen to designate these funds for long-term investment and treat them as an expendable endowment they only intend to spend the financial return generated by these funds.

**Expendable Endowment – Tote Sale Proceeds**

The Tote Sale Proceeds expendable endowment fund was established to hold funds granted by the Department for Culture Media and Sport, where those funds were deemed expendable endowment by the grantor. The Trustees have chosen to utilise these funds for long-term investment and will only spend the financial return generated by these funds.

<b>16. NOTES TO THE CASH FLOW STATEMENT</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>(a) Reconciliation of net income to net cash inflow from operating activities:</b>		
<b>Net income</b>	(4,339)	(1,385)
<b>Adjustments:</b>		
Items not involving the movement of funds:		
Depreciation charge	1	1
Investment income receivable	(2,068)	(2,205)
Changes in working capital:		
Decrease in debtors	22	29
Increase in creditors	3,553	1,231
	<u>(2,831)</u>	<u>(2,329)</u>
<b>Net cash outflow from operating activities</b>		
	<u>(2,831)</u>	<u>(2,329)</u>
<b>(b) Reconciliation of net cash flow to movement in net funds:</b>		
Increase/(Decrease) in cash in the year	<u>1,529</u>	<u>7,582</u>
<b>Change in net funds</b>	<u>1,529</u>	<u>7,582</u>

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. NOTES TO THE CASH FLOW STATEMENT (continued)**

**(c) Analysis of the change in net funds:**

	1 Jan 2018 £000s	Cash flow £000s	31 Dec 2018 £000s
<b>Net cash:</b>			
Cash at bank and in hand	13,459	(1,529)	11,930
<b>Change in net funds</b>	<u>13,459</u>	<u>(1,529)</u>	<u>11,930</u>

**17. TRANSACTIONS WITH RELATED PARTIES**

During the year grants with a combined value of £3,983k (2017: £298k) were awarded to Racing Welfare. The sole member of Racing Welfare is the Jockey Club. William Rucker was a Trustees of the Racing Foundation and Member of the Jockey Club during the year and Linda Bowles was an employee of the Jockey Club during the year. At the year end the balance due to Racing Welfare was £3,634k (2017: £263k).

During the year grants with a combined value of £250k (2017: £317k) were awarded to the National Horseracing Museum. Ian Barlow is a Trustee of the National Horseracing Museum. At the year end the balance due to the National Horseracing Museum was £125k (2017: £225k).

During the year grants with a combined value of £20k (2017: £138k) were awarded to the Northern Racing College. Susannah Gill is a Trustee of the Northern Racing College. At the year end the balance due to the Northern Racing College was £44k (2017: £118k).

During the year no payments (2017: £84) were made to the British Horseracing Authority for catering supplied during meetings and seminars held at the British Horseracing Authority's offices. The British Horseracing Authority is one of the three Members of the Racing Foundation. At the year end the balance due to the British Horseracing Authority was £96 (2017: £0).

**18. ACTIVITIES BY FUND IN PREVIOUS YEAR**

Activities in both unrestricted and restricted funds for the previous year are as follows:-

	Notes	Unrestricted funds £000's	Expendable endowment funds £000's	Total 2017 £000's
<b>Income and endowments from:</b>				
Donations and legacies		-	-	-
Income from investments		2,205	-	2,205
<b>Total income and endowments</b>	3	<u>2,205</u>	<u>-</u>	<u>2,205</u>
<b>Expenditure on:</b>				
Raising funds:				
Investment management costs		-	(184)	(184)
Charitable activities:				
Grant making		(3,406)	-	(3,406)
<b>Total expenditure</b>	4	<u>(3,406)</u>	<u>(184)</u>	<u>(3,590)</u>
Net gains on investments		729	4,882	5,611
<b>Net income / (expenditure)</b>		<u>(472)</u>	<u>4,698</u>	<u>4,226</u>

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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<b>19. Net income/(expenditure) for the year</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
This stated after charging:		
Depreciation	1	1
Auditors remuneration	15	15
	<hr/>	<hr/>
<b>20. Financial instruments</b>	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Financial assets:</b>		
Debt instruments measured at amortised cost	15	37
Equity instruments measured at cost less impairment	77,313	81,948
<b>Financial liabilities:</b>		
Measured at amortised cost	6,813	3,260