

THE  
**RACING**  
FOUNDATION

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Charity Registration Number: 1145297**  
**Company Registration Number: 07890908**

**THE RACING FOUNDATION**  
**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**THE RACING FOUNDATION**

**REFERENCE AND ADMINISTRATION DETAILS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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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

**Trustees**

Roger Weatherby (Chairman)  
Sir Ian Good  
Michael Harris  
Kirsten Rausing

**Executive officer**

Christopher Mills

**Independent auditor**

haysmacintyre  
26 Red Lion Square  
London  
WC1R 4AG

**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

## THE RACING FOUNDATION

### TRUSTEES' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2013

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## STRUCTURE, GOVERNANCE AND MANAGEMENT

### *Governing Document*

The Racing Foundation was founded by 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. 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. This Memorandum was amended by special resolution on 12<sup>th</sup> March 2012 to extend by three months the fixed term of office for the first Trustees.

The members of the Foundation comprise the British Horseracing Authority, the Racecourse Association and the Horsemen's Group. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

### *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.

### *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. Day to day management of the charity's affairs is delegated to the Executive Officer.

## 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.

For the avoidance of doubt, these purposes include but should not be limited to:

- a) the relief of poverty, sickness or injury among persons involved (or formerly involved) with the horseracing and Thoroughbred breeding industry and their families and dependents, and, in particular, the promotion of the welfare of those who have suffered injuries by reason of participation in such industry;
- b) the advancement of veterinary science in relation to horses;
- c) the protection and rehabilitation of equines; and,
- d) the promotion of education and training connected with the horseracing and Thoroughbred breeding industry and of standards in such education and training.

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### OBJECTIVES AND ACTIVITIES (continued)

In furtherance of these objectives, the trustees have developed a strategic plan which provides a framework for how the Foundation will operate over the three-year period 2013-2015. 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.

The key aims and objectives of the strategic plan are:

- 1) To develop grant-making policy and processes that are responsive to need:
  - a) Develop grant-making policy and processes that are responsive to the needs identified by applicant charities.
  - b) Implement and continuously review arrangements for the effective assessment of grant applications and decision-making.
- 2) To fund activities that make a difference:
  - a) Fund activities where it is clear that a grant from the Foundation will make a difference.
  - b) Support collaboration among organisations where it is appropriate.
  - c) Capture, share and apply learning from the activities we fund.
- 3) To manage resources effectively in support of the Foundation's objectives:
  - a) Establish and maintain effective systems of governance.
  - b) Create an appropriate investment portfolio to support our funding of both current and future generations.
  - c) Develop a web presence that supports the grant-making process and allows us to share the successes of the charities we fund.

#### *Grant Making Policy*

In pursuit of its first objective, the trustees have developed a grant making policy, with the aim of supporting charities in the following areas:

- 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 provision of education, training or retraining opportunities to disadvantaged individuals, currently or formerly employed in the horseracing industry.
  - The provision of work opportunities in the horseracing industry to unemployed people.
  - Enabling people, and especially young people, to participate in the sport of horseracing at an amateur level, including the training of amateur jockeys.

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### OBJECTIVES AND ACTIVITIES (continued)

- 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)
- \* - The use of the phrase equine science is intended to allow flexibility to applicants across a broad range of equine related disciplines, including veterinary, biological science, non-biological science and technical interests, with the focus on the application of relevant equine related scientific and technical knowledge to benefit Thoroughbred horseracing.*
- 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.

The charity has identified particular areas where it is either legally unable or does not wish to fund activities. Where work falls into any of these categories organisations are not eligible for funding:

- Work that does not deliver benefits associated with the UK horseracing and Thoroughbred breeding industry.
- Grants to individuals or to causes that will benefit one person.
- The promotion of religion.
- Work that addresses gambling addiction (unless specifically focussed on participants within the horseracing and Thoroughbred breeding industry).
- Retrospective funding, meaning support for work that has already taken place.
- Work that is not legally charitable.

The Foundation expects to make the majority of its grants to charities with objects that are directly associated with the horseracing and Thoroughbred breeding industry. However, it may, on occasions, fund organisations that do not work exclusively within the horseracing and Thoroughbred breeding industry when the work is of exceptional quality and can be shown to directly impact industry participants.

#### ***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 therefore satisfied that the Foundation meets the Charity Commission's public benefit test.

# THE RACING FOUNDATION

## TRUSTEES' REPORT (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### STRATEGIC REPORT

##### Achievements and Performance

Further to its formation in December 2011 and establishing policies, systems and procedures during 2012, the Racing Foundation commenced grant making activities in 2013. Details of the Foundation's achievements and performance in 2013 are listed below:

##### 1) Developing grant-making policy and processes that are responsive to need

- The Foundation ran three funding rounds in 2013. Two of these were general funding rounds and one was specifically for equine science research.
- In the two generalist funding rounds, the Foundation received 16 applications with a combined value of £1,068,242. Feedback was sought from applicants on the grant application process and the response was good. A typical example came from one applicant, who commented that '*compared to other online grant application forms this one is rather user friendly*'.
- The Foundation worked in partnership with the Horserace Betting Levy Board ('HBLB') to administer a funding round for equine science research grants. The Foundation received 15 applications with a combined value of £4,112,936. By collaborating with the HBLB, the Foundation benefitted from their established relationships with research institutions and their Veterinary Advisory Committee's considerable expertise in assessing applications.
- A table analysing the number and value of applications received and grants awarded is provided below:

	Number of Applications Received	Value of Applications Received	Number of Grants Awarded	Value of Grants Awarded
Training, education & participation	6	£ 399,172	2	£ 88,412
Social welfare	2	£ 180,000	2	£ 180,000
Horse welfare	6	£ 327,070	4	£ 66,221
Equine science research	15	£ 4,112,936	4	£ 220,000
Heritage & culture	2	£ 162,000	1	£ 65,000
<b>Total</b>	<b>31</b>	<b>£ 5,181,178</b>	<b>13</b>	<b>£ 619,633</b>

- During 2013, the Foundation restricted organisations to making just one grant application per annum. This had been done to control the number of applications in the Foundation's first year of grant making and ensure that numbers were manageable. Actual application numbers were lower than anticipated though and so, having listened to feedback from applicants who felt constrained by the restriction, this application limit has since been lifted for 2014.

##### 2) Funding activities that make a difference

- During its first year of grant making the Foundation awarded grants to 13 organisations with a combined value of £619,633. Details of these grants are provided below.
  - Social Welfare
    - £150,000 was granted to the New Astley Club in Newmarket to upgrade their facilities and enhance their ability to provide a range of community services for people working in racing.
    - £30,000 was granted to the Injured Jockeys Fund to cover project management costs associated with the development of a rehabilitation centre for injured jockeys in Malton, North Yorkshire.

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### STRATEGIC REPORT (continued)

- Education, training and participation
  - £63,715 was granted to the Northern Racing College to purchase and install new catering equipment at their site in Doncaster. The new facilities will enable the College to provide better quality food for students and enhance the delivery of the cookery and healthy eating elements of its life skills programme. The overall aim of is to develop healthier lifestyles among learners.
  - £24,697 was granted to the British Racing School to undertake a project to trial e-portfolio software. The software offers the potential to enhance communication between students and course tutors, especially once the students have completed their initial training and have moved into the workplace. The Northern Racing College are also participating in the trial.
- Equine science research
  - £60,000 was granted to Professor Jose Vazquez-Boland at the University of Edinburgh for an assessment of a pili-based Rhodococcus equi vaccine in foals. If the trial is successful, the R. equi pili will form the basis of a vaccine to control rhodococcal infection in stud farms.
  - £60,000 was granted to Professor Massimo Palmarini at the University of Glasgow for the development of synthetic vaccines for African Horse Sickness. Virus (AHSV). The aim of this project is to develop a rapid “off-the-shelf” vaccine platform that can be rapidly deployed against any AHSV serotype, including potentially new emerging (or previously uncharacterised) strains.
  - £40,000 was granted to Dr Thilo Pfau at the Royal Veterinary College for a study into the early detection of musculoskeletal injury in the Thoroughbred through monitoring of movement symmetry. The study aims to identify gait parameters that maximise the likelihood of identifying developing injuries at the earliest possible stage.
  - £60,000 was granted to Dr Jo Ireland at the Animal Health Trust to conduct a randomised controlled trial of Clostridium botulinum type C vaccination for the prevention of Equine Grass Sickness (EGS). If successful the project would represent a major breakthrough in the prevention of EGS, benefiting equine health and welfare.
- Thoroughbred horse welfare
  - £44,321 was granted to Retraining of Racehorses to expand their network of regional advisors and enhance the charity's education programme. The aim is to encourage, help and support individuals interested in owning an ex-racehorse.
  - £10,000 was granted to Homing Ex-Racehorses Organisation Scheme (HEROS) to install floodlighting at their outdoor schooling arena so that they could extend the hours for re-training and re-homing activities during the winter.
  - £8,900 was granted to the Thoroughbred Rehabilitation Centre to purchase equipment for the retraining of ex-racehorses.
  - £3,000 was granted to Moorcroft Racehorse Welfare Centre to purchase an equine solarium to provide therapeutic benefits to ex-racehorses, thus improving progression towards a future career after racing.
- Heritage and culture
  - £65,000 was granted to the National Horseracing Museum in Newmarket to develop an improved educational programme. The grant will allow the Museum to employ a part-time education officer to run a programme for local schools and to purchase a new minibus.
- In addition to the grants awarded, the Foundation has sought to encourage and support collaboration among racing charities. This is because collaboration offers charities many potential benefits including; improving the quality and reach of services, the removal of duplication, learning from other organisations, achieving greater influence on the policies of government or other authorities, and saving costs. Accordingly, the Foundation has sought to bring racing charities together to share experience and ideas. In September 2013, a dinner was hosted in Newmarket for charity chairs and chief executives. 21 individuals attended and feedback obtained via a survey after the event found that all participants agreed that *‘the event provided a useful opportunity to discuss current issues and share experiences with other charities’* and that *‘the event prompted me to consider how we can collaborate more with other charities’*. Further follow-up events are planned for 2014.



## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### STRATEGIC REPORT (continued)

##### *3) Managing resources effectively in support of the Foundation's objectives*

- The Foundation seeks to maintain effective systems of governance. Four board meetings were held during 2013, with a 100% attendance record from all trustees. Trustees also sought to engage with charities associated with the racing industry to develop their understanding of key issues. Accordingly, the trustees spent two days in Newmarket in September 2013 to visit a range of racing charities and hosted a dinner for charity chairs and chief executives.
- 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 below on page 8 under 'investment policy and performance'.
- The Foundation maintains a presence on the internet at [www.racingfoundation.co.uk](http://www.racingfoundation.co.uk). As well as providing information on the Foundation's funding criteria and grant application process, the website also plays an important role in communicating how the Foundation's grants have helped make a difference. The Foundation sends out regular e-newsletter to charities and other stakeholders to keep them abreast of Foundation news. The number of subscribers to the newsletter increased from 54 to 76 during the year.

#### Financial Review

##### *Financial review of the year*

During the year, the Racing Foundation received £9m in the form of an expendable endowment from the Department for Culture Media and Sport. As with prior year receipts, these funds were placed with investment managers, with the aim of preserving the capital over the long term and generating investment income to fund grant-making activities.

Income generated from bank deposits and investments amounted to £461,729 during the year (2012: 123,355). This helped fund expenditure of £771,789 (2012: 51,669), including grants of £619,633 (2012: £Nil).

The Foundation benefitted from the rising stock markets during the year and, as a result, achieved investments gains of £1,945,530 (2012: £98,390). Trustees took the decision during the year to draw down on some of these real capital gains to fund grant-making and transferred £188,000 from designated and endowment funds to general reserves.

Overall, as at 31 December 2013, the Foundation's net funds stood at £29,805,546 (2012: £19,170,076).

##### *Reserves Policy*

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.

During the year, the Foundation received £9m from the Department of Culture Media and Sport in the form of an expendable endowment. These funds are held separately in the accounts together with funds previously granted with the same restriction. As at 31 December 2013, the Foundation's Tote Sale Proceeds expendable endowment stood at £19,116,049 (2012: £9,045,652).

The Foundation also holds funds in a designated fund, representing those funds received from the Department of Culture Media and Sport in 2012, which did not carry any restriction on use. Whilst these monies came without restriction, the trustees felt that it was important to treat this as contributing towards the long-term legacy of the Tote sale. The funds were therefore transferred into a designated fund with the aim of preserving the real capital value over the long term and only spending the financial return. As at 31 December 2013, the Foundation's Tote Sale Proceeds designated fund stood at £10,666,864 (2012: £10,050,724).

## THE RACING FOUNDATION

### TRUSTEES' REPORT (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### STRATEGIC REPORT (continued)

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. The Foundation has a policy of holding no more than one year's forward expenditure in this fund. As at 31<sup>st</sup> December 2013, the Foundation held general reserves of £22,633 (2012: £73,700) which represents less than one month's budgeted expenditure.

#### *Investment Policy and Performance*

The Foundation has an investment policy, which applies to all monies held within the Tote sale proceeds expendable endowment and designated funds. 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. The trustees have set a long-term annual expenditure budget, equivalent to at least 4% of the investment asset value, and will require the investment portfolio to support this (after all costs). The trustees have therefore adopted a benchmark of inflation (as measured by the Consumer Prices Index) plus 4% per annum, in the medium to long term after all costs.

The Foundation uses the services of three investment managers. Cazenove Capital Management is the main investment manager, with smaller additional sums invested with James Hambro & Partners and Ruffer. The performance of these investment managers is closely monitored by the trustees, with the assistance of a specialist independent investment advisor. During 2013, all three investment managers performed well in excess of the benchmark target of CPI plus 4%.

#### Plans for Future Periods

Further to making its first grants in 2013, the Foundation aims to further develop its grant making activities and make grants of at least £700,000 in 2014.

In May 2014, the Foundation received £49.9m from the Department for Culture Media and Sport. This represents the final instalment of the Tote sale proceeds due from the government. Due to the early settlement of deferred consideration for the purchase of the Tote by Betfred, this sum was received earlier than had previously been expected. These funds will be invested in 2014 and should enable the Foundation to significantly increase grant expenditure in 2015 and beyond.

In addition to grant-making, the Foundation also plans to continue its efforts to encourage and support collaboration among racing charities.

#### Principal Risks and Uncertainties

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

- An annual review to identify the risks the Foundation may face.
- Prioritising risks in terms of probability of occurrence and potential impact.
- The establishment of systems and procedures to mitigate against those risks.
- The implementation of procedures to minimise any potential impact on the Foundation should those risks materialise.

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

**THE RACING FOUNDATION**

**TRUSTEES' REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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;
- 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 (2005). 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.

**DECLARATION**

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

Signed on behalf of the charity's trustees



Roger Weatherby  
Chairman of the Trustees

21/7/14

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RACING FOUNDATION

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We have audited the financial statements of The Racing Foundation for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, 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.

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 Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 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.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime.

  
Jeremy Beard, Senior Statutory Auditor  
for and on behalf of haysmacintyre

26 Red Lion Square  
London  
WC1R 4AG

Date: 21/7/14

**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 2013**

	Notes	Unrestricted funds £	Expendable endowment funds £	Total 2013 £	Total 2012 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income		-	9,000,000	9,000,000	19,000,000
Investment income		461,729	-	461,729	123,355
<b>Total incoming resources</b>	<b>3</b>	<b>461,729</b>	<b>9,000,000</b>	<b>9,461,729</b>	<b>19,123,355</b>
<b>Resources expended</b>					
Cost of generating funds					
Investment management costs		(51,482)	(40,965)	(92,447)	(16,877)
Charitable activities					
Grant making		(663,581)	-	(663,581)	(22,915)
Governance costs		(15,761)	-	(15,761)	(11,877)
<b>Total resources expended</b>	<b>4</b>	<b>(730,824)</b>	<b>(40,965)</b>	<b>(771,789)</b>	<b>(51,669)</b>
<b>Net income / (expenditure) for the year</b>		<b>(269,095)</b>	<b>8,959,035</b>	<b>8,689,940</b>	<b>19,071,686</b>
Gross transfers between funds		120,320	(120,320)	-	-
<b>Net incoming / (outgoing) resources before other recognised gains / (losses)</b>		<b>(148,775)</b>	<b>8,838,715</b>	<b>8,689,940</b>	
<b>Other recognised gains / (losses)</b>					
Gains and losses on investment assets		713,848	1,231,682	1,945,530	98,390
<b>Net movement in funds</b>		<b>565,073</b>	<b>10,070,397</b>	<b>10,635,470</b>	<b>19,170,076</b>
<b>Total funds brought forward</b>		<b>10,124,424</b>	<b>9,045,652</b>	<b>19,170,076</b>	<b>-</b>
<b>Total funds carried forward</b>	<b>15</b>	<b>10,689,497</b>	<b>19,116,049</b>	<b>29,805,546</b>	<b>19,170,076</b>

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

The notes on pages 13 to 19 form part of these financial statements.

THE RACING FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	Unrestricted funds £	Endowment funds £	Total 2013 £	Total 2012 £
<b>Fixed Assets</b>					
Tangible assets	9	5,410	-	5,410	7,439
Investments	10	10,186,264	18,108,913	28,295,177	6,743,163
<b>Total fixed assets</b>		<u>10,191,674</u>	<u>18,108,913</u>	<u>28,300,587</u>	<u>6,750,602</u>
<b>Current assets</b>					
Debtors	11	2,529	-	2,529	40,950
Cash at bank & in hand	12	1,004,147	1,025,782	2,029,929	12,398,715
<b>Total current assets</b>		<u>1,006,676</u>	<u>1,025,782</u>	<u>2,032,458</u>	<u>12,439,665</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(307,051)</u>	<u>(18,646)</u>	<u>(325,697)</u>	<u>(20,191)</u>
<b>Net current assets</b>		<u>699,625</u>	<u>1,007,136</u>	<u>1,706,761</u>	<u>12,419,474</u>
<b>Creditors: amounts falling due in more than one year</b>	14	<u>(201,802)</u>	<u>-</u>	<u>(201,802)</u>	<u>-</u>
<b>Net assets</b>		<u>10,689,497</u>	<u>19,116,049</u>	<u>29,805,546</u>	<u>19,170,076</u>
<b>Funds of the charity</b>					
Unrestricted funds		10,689,497	-	10,689,497	10,124,424
Endowment funds		-	19,116,049	19,116,049	9,045,652
<b>Total funds</b>	15	<u>10,689,497</u>	<u>19,116,049</u>	<u>29,805,546</u>	<u>19,170,076</u>

These financial statements were approved and authorised for issue by the Trustees on 21st July 2014 and were signed on their behalf by:



Roger Weatherby  
Chairman of the Trustees

The notes on pages 13 to 19 form part of these financial statements.

# THE RACING FOUNDATION

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. BASIS OF PREPARATION

##### 1.1 Basis of accounting

These accounts have been prepared on the basis of historic cost (except that investments are shown at market value) in accordance with Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005), Accounting Standards and the Companies Act 2006.

##### 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.

Investment income is included in the accounts when receivable.

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

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

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.

Where the charity gives a grant 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 provided the specified service or output.

Grants 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 include central functions and have been allocated to activity cost categories on a basis consistent with the use of staff time and resources.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

2 ACCOUNTING POLICIES (continued)

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 £500. 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 quoted on a recognised stock exchange are valued at market value at the year-end.

3. ANALYSIS OF INCOMING RESOURCES	2013	2012
	£	£
<b>Voluntary income</b>		
Grants from the Department for Culture Media and Sport	9,000,000	19,000,000
	<hr/>	<hr/>
<b>Investment income</b>		
Dividends receivable	442,999	1,810
Bank interest	18,730	121,545
	<hr/>	<hr/>
	461,729	123,355
	<hr/>	<hr/>
<b>Total</b>	<u>9,461,729</u>	<u>19,123,355</u>
	<hr/>	<hr/>
<b>4. ANALYSIS OF RESOURCES EXPENDED</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Cost of generating funds</b>		
Investment management fees	70,993	2,013
Independent investment advice	15,960	12,000
Support costs (see note 6)	5,494	2,864
	<hr/>	<hr/>
	92,447	16,877
<b>Charitable activity: grant making</b>		
Grants payable (see note 5)	619,633	-
Support costs (see note 6)	43,948	22,915
	<hr/>	<hr/>
	663,581	22,915
<b>Governance</b>		
Auditor's fee	7,800	6,000
Legal advice	-	3,013
Trustees expenses	2,467	-
Support costs (see note 6)	5,494	2,864
	<hr/>	<hr/>
	15,761	11,877
	<hr/>	<hr/>
<b>Total</b>	<u>771,789</u>	<u>51,669</u>
	<hr/>	<hr/>



**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>5. GRANT EXPENDITURE</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Social Welfare:		
New Astley Club	150,000	-
Injured Jockeys Fund	30,000	-
	<u>180,000</u>	<u>-</u>
Education, Training and Participation:		
Northern Racing College	63,715	-
British Racing School	24,697	-
	<u>88,412</u>	<u>-</u>
Equine Science Research:		
University of Edinburgh	60,000	-
University of Glasgow	60,000	-
Animal Health Trust	60,000	-
Royal Veterinary College	40,000	-
	<u>220,000</u>	<u>-</u>
Thoroughbred Horse Welfare:		
Retraining of Racehorses	44,321	-
Homing Ex-Racehorses Organisation Scheme	10,000	-
Thoroughbred Rehabilitation Centre	8,900	-
Moorcroft Racehorse Welfare Centre	3,000	-
	<u>66,221</u>	<u>-</u>
Heritage and Culture:		
National Horseracing Museum	65,000	-
	<u>65,000</u>	<u>-</u>
<b>Total grant expenditure</b>	<u><u>619,633</u></u>	<u><u>-</u></u>

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

<b>6. SUPPORT COSTS</b>	<b>Generating</b>	<b>Grant making</b>	<b>Governance</b>	<b>Total</b>
	<b>funds</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Management & administration	4,414	35,309	4,414	44,137
Website and communications	230	1,838	230	2,298
Information technology	850	6,801	850	8,501
	<u>5,494</u>	<u>43,948</u>	<u>5,494</u>	<u>54,936</u>
	<u><u>5,494</u></u>	<u><u>43,948</u></u>	<u><u>5,494</u></u>	<u><u>54,936</u></u>

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

7. TRUSTEE REMUNERATION AND EXPENSES

The trustees received no remuneration for their role as trustee during this or the preceding year.

Trustees' expenses of £2,467 (2012: £Nil) are included in governance costs. These relate to travel and accommodation costs commensurate with attending trustee meetings. Expenses were reimbursed to 3 trustees during the year (2012: Nil).

8. STAFF COSTS	2013 £	2012 £
Gross wages	30,000	14,615
Employer's national insurance contributions	3,086	1,586
Pension costs	3,000	750
Other benefits	456	154
<b>Total staff costs</b>	<b>36,542</b>	<b>17,105</b>

The charity has one employee who is employed on a part-time basis.

There were no employees whose emoluments exceeded £60,000.

9. TANGIBLE FIXED ASSETS

	Office Equipment £	Total £
<b>Cost</b>		
Balance brought forward	8,115	8,115
Additions	-	-
Balance carried forward	8,115	8,115
<b>Depreciation</b>		
Balance brought forward	676	676
Depreciation charge for the year	2,029	2,029
Balance carried forward	2,705	2,705
<b>Net book value</b>		
Balance brought forward	7,439	7,439
Balance carried forward	5,410	5,410

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

<b>10. FIXED ASSETS INVESTMENTS</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Carrying market value at the beginning of the year	6,743,163	-
Additions to investments at cost	25,124,350	6,644,773
Disposals at carrying value	(5,517,866)	-
Investment gains/(losses)	1,945,530	98,390
	<u>28,295,177</u>	<u>6,743,163</u>
<b>Historical cost at end of year</b>	<u><b>26,425,676</b></u>	<u><b>6,644,773</b></u>
<b>Analysis of investments (at market value)</b>	<b>£</b>	<b>£</b>
Listed investments:		
Fixed interest securities	1,072,110	46,567
Equity shares	559,641	-
Common investment funds, investment trusts & unit trusts	26,663,426	6,696,596
	<u>28,295,177</u>	<u>6,743,163</u>
Carrying market value at end of year	<u>28,295,177</u>	<u>6,743,163</u>
All investments held by the Foundation are registered on recognised UK stock exchanges.		
<b>Material investment holdings (at market value)</b>		
The following investments represent more than 5% of the value of total investments:		
	<b>£</b>	<b>£</b>
CF Ruffer Absolute Return Fund	2,926,605	1,060,898
Cazenove Equity Income Trust for Charities	1,448,005	331,255
Black Rock Sterling Liquidity Fund	-	500,000
Western Asset Sterling Liquidity Fund	-	500,000
	<u>                    </u>	<u>                    </u>
<b>11. DEBTORS</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Prepayments and accrued income	2,529	40,950
	<u>2,529</u>	<u>40,950</u>
<b>12. CASH AT BANK</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Cash on deposit with investment managers	1,434,181	3,356,460
Cash on bank deposit	520,391	8,979,895
Current account	75,357	62,360
	<u>2,029,929</u>	<u>12,398,715</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

<b>13. CREDITORS: amounts falling due within one year</b>					<b>2013</b>	<b>2012</b>
					<b>£</b>	<b>£</b>
Grant commitments					281,215	-
Trade creditors					36,634	14,191
Accruals and deferred income					7,848	6,000
					<u>325,697</u>	<u>20,191</u>
<b>14. CREDITORS: amounts falling due after more than one year</b>					<b>2013</b>	<b>2012</b>
					<b>£</b>	<b>£</b>
Grant commitments					<u>201,802</u>	-
<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>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted funds</b>						
General reserves	73,700	461,729	(700,796)	188,000	-	22,633
Designated:						
Tote Sale Proceeds	10,050,724	-	(30,028)	(67,680)	713,848	10,666,864
	<u>10,124,424</u>	<u>461,729</u>	<u>(730,824)</u>	<u>120,320</u>	<u>713,848</u>	<u>10,689,497</u>
<b>Endowment funds</b>						
Expendable:						
Tote Sale Proceeds	9,045,652	9,000,000	(40,965)	(120,320)	1,231,682	19,116,049
<b>Total funds</b>	<u>19,170,076</u>	<u>9,461,729</u>	<u>(771,789)</u>	<u>-</u>	<u>1,945,530</u>	<u>29,805,546</u>

**General Reserves**

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

**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. Although unrestricted, the trustees have chosen to designate these funds for long-term investment and 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.

**Fund Transfers**

During the year, funds were transferred from the Tote Sale Proceeds expendable endowment and designated funds to the general reserve. The transfer reflects the decision of trustees to draw down an element of real capital gain from the Foundation's investment portfolio.

**THE RACING FOUNDATION**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**16 TRANSACTIONS WITH RELATED PARTIES**

During the year payments amounting to £100 (2012: £Nil) were paid to the British Horseracing Authority for catering supplied during a meeting 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 £100 (2012: £Nil).

During the year payments amounting to £2,485 were paid to Jockey Club Estates Limited (2012: £Nil) for catering at a dinner for the leaders of racing charities, for room hire for a trustees meeting, and for overnight accommodation. Roger Weatherby, Sir Ian Good and Kirsten Rausing are trustees of the Racing Foundation and members of the Jockey Club, who are the ultimate owner of Jockey Club Estates Ltd. Roger Weatherby is also a Steward of the Jockey Club and Sir Ian Good was the same until December 2013. At the year end, the balance due to Jockey Club Estates Limited was £Nil (2012: £Nil).

During the year payments amounting to £250 (2012: £Nil) were paid to Thoroughbred Owner and Breeder Limited for the placing of an advertisement to publicise Racing Foundation funding rounds. Michael Harris is a director of Thoroughbred Owner and Breeder Limited and also a trustee of the Racing Foundation. At the year end the balance due to Thoroughbred Owner and Breeder Limited was £Nil (2012: £Nil).

During the year payments amounting to £15,960 (2012: £12,125) were paid to Weatherbys Bank Limited for investment advice. A further £175 (2012: £125) was paid to Weatherbys Bank Limited in respect of banking charges. Roger Weatherby is Chief Executive of Weatherbys Bank Limited and also a trustee of the Racing Foundation. At the year end the balance due to Weatherbys Bank Limited was £3,990 (2012: £12,000).

During the year payments amounting to £224 (2012: £1,740) were paid to Weatherbys Thoroughbred Limited for print and design services for an annual review document (2012: for website design services). Roger Weatherby has a shareholding in Weatherbys Thoroughbred Limited. At the year end the balance due to Weatherbys Thoroughbred Limited was £Nil (2012: £Nil).