

THE
RACING
FOUNDATION

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Charity Registration Number: 1145297
Company Registration Number: 07890908

THE RACING FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2014

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THE RACING FOUNDATION

REFERENCE AND ADMINISTRATION DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

- retired 20th December 2014

Kirsten Rausing

Executive officer

Christopher Mills

Independent auditor

haysmacintyre

26 Red Lion Square

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Bankers

Weatherbys Bank Ltd

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Investment managers

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Ryder Court

14 Ryder Street

London

SW1Y 6QB

Ruffer LLP

80 Victoria Street

London

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THE RACING FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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 22nd December 2011 and registered as a charity on 6th 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 12th 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 2014

OBJECTIVES AND ACTIVITIES (continued)

In furtherance of these objects, the trustees developed a strategic plan which provides a framework for how the Foundation will operate over the 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 keys aims and objectives of the strategic plan for 2013-2015 were:

- 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 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 promotion of education and training connected with the horseracing and Thoroughbred breeding industry.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014

STRATEGIC REPORT

Achievements and Performance

Details of the Foundation's achievements and performance in 2014 against the 2013-2015 strategic plan are listed below:

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

- The Foundation ran three funding rounds in 2014. Two of these were general funding rounds and one was specifically for equine science research.
- In the two general funding rounds, the Foundation received 25 applications with a combined value of £2.3m. Feedback was sought from applicants on the grant application process and the response was good.
- 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 11 applications with a combined value of £2.5m. By collaborating with the HBLB, the Foundation has 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
Social welfare	6	£832,452	3	£280,000
Training, education & participation	9	£773,778	5	£381,649
Horse welfare	8	£406,462	5	£165,534
Equine science research	11	£2,501,363	2	£160,000
Heritage & culture	2	£304,772	1	£100,000
Sub-total	36	£4,818,827	16	£1,087,183
Other (see below)	-	-	14	£8,607
Total	36	£4,818,827	30	£1,095,790

2) Funding activities that make a difference

- During 2014, the Foundation awarded 30 grants to 19 organisations with a combined value of £1,095,790 (2013: £619,633). Details of these grants are provided below.
 - Social welfare
 - £225,000 was granted to The Racing Centre (formerly the New Astley Club) to fund a RaceFit programme for 3 years. This will allow the centre to provide a fitness and injury rehabilitation service for jockeys and stable staff in Newmarket and the surrounding area.
 - £30,000 was granted to Racing Welfare towards the 1-year pilot of an Equine Assisted Therapy (EAT) programme. This will help Racing Welfare assess whether EAT could be a suitable alternative for people working in racing who are struggling to engage with conventional counselling and therapeutic options.
 - £25,000 was granted to Racing Welfare towards the upgrade of the charity's 24-hour Helpline. This will enable the charity to further develop this service to embrace new digital technologies and reach a larger number of beneficiaries.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

STRATEGIC REPORT (continued)

- Education, training and participation
 - £120,000 was granted to the British Racing School and the Northern Racing College for a Flexible Learning Programme. This will allow both schools to deliver work-related training courses and offer practical learning opportunities for 14-16 year olds between 2014 and 2017.
 - £98,609 was granted to the British Racing School and the Northern Racing College to sustain a Life Skills Programme between 2014 and 2016. This will deliver extra-curricular life skills training to 16-18 year old Apprenticeship students to better prepare them for independent living once they move into the workplace.
 - £85,000 was granted to BHEST to trial a new educational outreach scheme at Aintree Racecourse for two years. This will deliver and test an enhanced version of the 'Racing to School' education programme by providing progressive, racing-related educational activities for local school children aged between 9 and 16 years.
 - £51,000 was granted to the Wavertree Charitable Trust to fund 3 bursary places in 2014 and 2015 on the National Stud's Diploma Course. This will provide students, who were previously unemployed or working in racing on low incomes, with the chance to achieve a qualification on the 5-month residential training programme.
 - £27,040 was granted to the British Racing School and the Northern Racing College towards the funding of an independent Collaboration Study. This will enable to schools to identify ways they might work more effectively together for the overall benefit of industry training and recruitment.
- Thoroughbred horse welfare
 - £50,000 was granted to Retraining of Racehorses to fund a data analysis of ex-racehorses. This will provide a more thorough understanding of what happens to racehorses when they exit training and make recommendations to improve data collection and analysis in the future.
 - £50,000 was granted to the University of Edinburgh towards the creation of a new equine diagnostic, surgical and critical care unit at the Royal (Dick) School of Veterinary Studies. This will allow the school to support and develop research to improve thoroughbred racehorse health and welfare, covering all stages of a horse's career, including retirement.
 - £49,534 was granted to the University of Glasgow to create and pilot a knowledge exchange network for the racing industry. This will enable the university to translate cutting-edge academic equine research into digestible best practise advice for owners, trainers and racecourses to mitigate disease and injuries in racehorses.
 - £10,000 was granted to Greatwood Charity to fund the purchase and installation of an equine solarium. This will provide therapeutic benefits to ex-racehorses and aid the rehabilitation process as they transition towards a career after racing.
 - £6,000 was granted to Moorcroft Racehorse Welfare Centre to fund keyhole surgery for 4 ex-racehorses suffering from Kissing Spines. This surgery will allow the charity to provide these horses with the opportunity to be re-trained and re-homed.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

STRATEGIC REPORT (continued)

- Equine science research
 - £80,000 was granted to the University of Liverpool towards research into the post-natal development of the tendon inter-fascicular matrix for long-term tendon health. This 2-year research project will seek to gain a better understanding of the process by which a key tendon develops its unique properties, with the ultimate aim of developing training methods that optimise tendon quality and reduce the incidence of injuries.
 - £80,000 was granted to the Royal Veterinary College towards research into rationally designing bespoke topical delivery systems for equine therapeutics. This 2-year research project will exploit emerging state-of-the-art strategies from human medicine to develop scientifically-based drug delivery systems for horses.
- Heritage and culture
 - £100,000 was granted to the Home of Horseracing Trust to fund two display stables in the King's Yard exhibition space at the National Heritage Centre for Horseracing and Sporting Art, in Newmarket. These displays will provide information on 'veterinary and equine welfare' and 'human welfare', both of which will feature the work of charities to advance equine and occupational welfare within the racing industry.
- Other
 - A total of £8,607 was granted to 14 racing charities using funds raised by the Foundation's Chairman as a result of running the 2014 London Marathon.
- Charities that receive a grant from the Foundation are asked to report back on how they have spent their grants, what they have achieved and what they have learnt from their work. Reporting is usually done at the project end or annually if it is a multi-year grant. The Foundation's first ever grants were awarded in 2013 and so the first monitoring reports were beginning to come in towards the end of 2014. These reports, together with the more informal ongoing communication that the Foundation's staff maintain with grantees, have begun the process of capturing and sharing the learning from the work that we fund. This process will develop further over the coming years.
- In addition to the grants awarded, the Foundation has sought to encourage and support collaboration among racing charities. 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. The Foundation has therefore sought to create opportunities for racing charities to come together to share experiences and ideas. The Foundation hosted two seminars for racing charities in 2014, one in February and the other in November. These events were attended by 55 delegates from racing charities.

To assess the value of these seminars, the Foundation obtained feedback from attendees via a survey. The key findings from these surveys indicated that:

- 89% of attendees rated the seminars as 'very good' or 'good'.
- 83% of attendees agreed that the seminar provided a useful opportunity to discuss and share experiences with other charities.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

STRATEGIC REPORT (continued)

Some of the comments left by seminar attendees included:

- *'A great opportunity to talk to others and share ideas.'*
- *'I found the exchange of views/experience very useful.'*
- *'The seminar is not only highly useful and informative, it encourages collaboration very effectively.'*
- *'I found the presentations and discussions extremely helpful, and it's always good to catch up with colleagues from other charities.'*

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 2014, with a 100% attendance record from all trustees. Trustees also attended the seminars for racing charities, which provided an opportunity to deepen their knowledge and understanding of the organisations that the Foundation funds.
- 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 9 under 'investment policy and performance'.
- The Foundation maintains a presence on the internet at 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 also 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 76 to 122 during the year.

Financial Review

Financial review of the year

During the year, the Racing Foundation received £49,895,524 in the form of an expendable endowment from the Department for Culture Media and Sport (DCMS). This amount was considerably more than had been anticipated at the start of the year. Under the terms of the sale of the Tote, Betfred, who acquired the Tote from the government, had agreed to pay consideration on deferred terms over an extended period of years. However, after a process of refinancing, Betfred settled early on its Tote payments, resulting in the DCMS releasing all outstanding Tote sale proceeds to the Racing Foundation in May 2014. As with prior year receipts, these funds have 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 £1,027,589 during the year (2013: £461,729). This helped fund expenditure of £1,330,957 (2013: £771,789), including grants of £1,095,790 (2013: £619,633).

The Foundation benefitted from rising stock markets during the year and, as a result, achieved investment gains of £1,761,765 (2013: £1,945,530). Trustees took the decision during the year to draw down on some of these real capital gains to fund grant-making and transferred £280,000 (2013: £188,000) from designated and endowment funds to general reserves.

Overall, as at 31 December 2014, the Foundation's net funds stood at £81,168,655 (2013: £29,805,546).

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

STRATEGIC REPORT (continued)

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.

The £49,895,524 received during the year from the Department of Culture Media and Sport is held separately in the accounts, as expendable endowment, together with funds previously granted with the same restriction. As at 31 December 2014, the Foundation's Tote Sale Proceeds expendable endowment stood at £70,259,840 (2013: £19,116,049).

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 2014, the Foundation's Tote Sale Proceeds designated fund stood at £10,758,675 (2013: £10,666,864).

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 31st December 2014, the Foundation held general reserves of £150,140 (2013: £22,633) which represents one month's budgeted expenditure and, based on forward cash flow projections of both income and grant commitments, is sufficient to meet liabilities as they fall due.

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 set a long-term annual expenditure budget, which the investment portfolio is expected to support (after all investment management costs). At the start of the financial year, this long-term target was set at 4% of the investment asset value. However, on receipt and investment of the £49,895,524 in 2014, trustees decided that it was prudent to adopt a slightly more cautious approach. Investment valuations had risen over the past few years and it was not as easy to discern good value in the markets. In order to control risk and volatility in the investment portfolio, trustees therefore adopted a lower long-term annual expenditure target of at least 3% of the investment asset value. As a result of this amendment, 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 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 2014, all three investment managers performed well in excess of the benchmark target.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

STRATEGIC REPORT (continued)

Plans for Future Periods

Further to the earlier than anticipated receipt and investment of all Tote monies in 2014, trustees reviewed the Foundation's strategic plan during the second half of the year. This process culminated in the formation of a strategic plan for 2015-2018. This plan represents a continuation of the strategy employed in the Foundation's first three years, but also introduces some new elements to ensure that the Foundation's enhanced grant-making capacity is well utilised.

The strategy for 2015-2018 sets out the following strategic aims and objectives:

- 1) To deliver a portfolio of grant schemes that will make a difference to racing's participants, both human and equine.
 - a) The Foundation will manage a range of grant programmes that are open to applications from all racing charities. These include:
 - An innovation programme, which will provide grants to investigate, develop, and trial new ideas or new ways of working.
 - A continuity programme, which will provide grants to sustain activities that are proven to be effective but are at risk of closure due to the termination of existing funding. Grants will provide temporary funding whilst organisations seek alternative long-term funding.
 - An organisational development programme, which will provide grants and training support designed to build the organisational capacity of racing charities.
 - A small grants programme, which will provide grants to charities for small projects associated with the racing industry.
 - An equine science research grants programme, which will provide grants for applied research in the field of equine science insofar as the research has demonstrable practical benefits to Thoroughbred horseracing.
 - b) The Foundation will also fund three initiatives that aim to draw together charities and make significant progress in:
 - Enhancing injury rehabilitation services for racing's people.
 - Creating development opportunities for racing's people.
 - Enabling racehorses to develop careers after they retire from racing.
 - c) The Foundation will implement and continuously review arrangements for the effective assessment of grant applications and decision-making.
- 2) To encourage and help charities work together.
 - a) Support collaboration among organisations where it is appropriate.
 - b) Liaise with racing industry funders and other charitable foundations to co-ordinate and increase resources available for racing charities.
 - c) Capture, share and apply learning from the activities we fund.
- 3) To manage resources effectively in support of the Foundation's objectives.
 - a) Maintain and develop effective systems of governance that supports our work, including the introduction of new trustees.
 - b) Consolidate the management and oversight of our long-term investment portfolio to support our grant making programmes.
 - c) Deliver a range of communications output to inform key stakeholders of our work and share the successes of the charities we fund.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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

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

We have audited the financial statements of The Racing Foundation for the year ended 31 December 2014 which comprise the Statement of Financial Activities, the Charitable Company Balance Sheet, the cash flow statement 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its result 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.

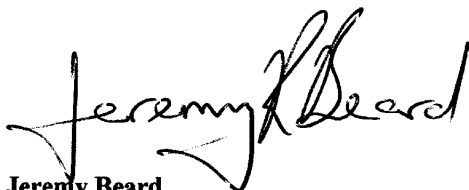
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors (including the Strategic 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



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

26 Red Lion Square
London
WC1R 4AG

Date: 30/6/2015.

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 2014

	Notes	Unrestricted funds £	Expendable endowment funds £	Total 2014 £	Total 2013 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income		9,188	49,895,524	49,904,712	9,000,000
Investment income		1,027,589	-	1,027,589	461,729
Total incoming resources	3	<u>1,036,777</u>	<u>49,895,524</u>	<u>50,932,301</u>	<u>9,461,729</u>
Resources expended					
Cost of generating funds					
Cost of generating voluntary income		(274)	-	(274)	-
Investment management costs		(64,800)	(103,083)	(167,883)	(92,447)
Charitable activities					
Grant making		(1,146,153)	-	(1,146,153)	(663,581)
Governance costs					
		(16,647)	-	(16,647)	(15,761)
Total resources expended	4	<u>(1,227,874)</u>	<u>(103,083)</u>	<u>(1,330,957)</u>	<u>(771,789)</u>
Net income / (expenditure) for the year		(191,097)	49,792,441	49,601,344	8,689,940
Gross transfers between funds		179,200	(179,200)	-	-
Net incoming / (outgoing) resources before other recognised gains / (losses)		<u>(11,897)</u>	<u>49,613,241</u>	<u>49,601,344</u>	<u>8,689,940</u>
Other recognised gains / (losses)					
Gains and losses on investment assets		231,215	1,530,550	1,761,765	1,945,530
Net movement in funds		<u>219,318</u>	<u>51,143,791</u>	<u>51,363,109</u>	<u>10,635,470</u>
Total funds brought forward		<u>10,689,497</u>	<u>19,116,049</u>	<u>29,805,546</u>	<u>19,170,076</u>
Total funds carried forward	15	<u><u>10,908,815</u></u>	<u><u>70,259,840</u></u>	<u><u>81,168,655</u></u>	<u><u>29,805,546</u></u>

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

The notes on pages 16 to 24 form part of these financial statements.

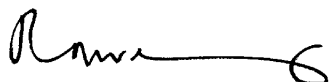
THE RACING FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	Unrestricted funds £	Endowment funds £	Total 2014 £	Total 2013 £
Fixed Assets					
Tangible assets	9	5,121	-	5,121	5,410
Investments	10	10,693,032	69,705,707	80,398,739	28,295,177
Total fixed assets		<u>10,698,153</u>	<u>69,705,707</u>	<u>80,403,860</u>	<u>28,300,587</u>
Current assets					
Debtors	11	96,936	-	96,936	2,529
Cash at bank & in hand	12	1,213,582	608,195	1,821,777	2,029,929
Total current assets		<u>1,310,518</u>	<u>608,195</u>	<u>1,918,713</u>	<u>2,032,458</u>
Creditors: amounts falling due within one year	13	<u>(748,260)</u>	<u>(54,062)</u>	<u>(802,322)</u>	<u>(325,697)</u>
Net current assets		562,258	554,133	1,116,391	1,706,761
Creditors: amounts falling due in more than one year	14	<u>(351,596)</u>	-	<u>(351,596)</u>	<u>(201,802)</u>
Net assets		<u>10,908,815</u>	<u>70,259,840</u>	<u>81,168,655</u>	<u>29,805,546</u>
Funds of the charity					
Unrestricted funds		10,908,815	-	10,908,815	10,689,497
Endowment funds		-	70,259,840	70,259,840	19,116,049
Total funds	15	<u>10,908,815</u>	<u>70,259,840</u>	<u>81,168,655</u>	<u>29,805,546</u>

These financial statements were approved and authorised for issue by the Trustees on 30th June 2015 and were signed on their behalf by:



Roger Weatherby
Chairman of the Trustees

The notes on pages 16 to 24 form part of these financial statements.

THE RACING FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Total 2014 £	Total 2013 £
Net cash inflow / (outflow) from operating activities	16a	49,107,796	8,775,969
Returns on investments			
Investment income received		1,027,589	461,729
Net cash inflow from returns on investment		1,027,589	461,729
Capital expenditure and financial investment			
Proceeds from sale of investments		32,709,263	5,517,866
Payments to acquire investment assets		(83,051,060)	(25,124,350)
Payments to acquire tangible fixed assets		(1,740)	-
Net cash inflow for financial investment		(50,343,537)	(19,606,484)
Net increase / (decrease) in cash	16b	(208,152)	(10,368,786)

The notes on pages 16 to 24 form part of these financial statements.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014

5. GRANT EXPENDITURE	2014	2013
	£	£
Social Welfare:		
The Racing Centre (formerly the New Astley Club)	225,000	150,000
Racing Welfare	55,000	-
Injured Jockeys Fund	-	30,000
	<u>280,000</u>	<u>180,000</u>
Education, Training and Participation:		
Northern Racing College	109,840	63,715
British Racing School	135,809	24,697
British Horseracing Education Standards Trust (BHEST)	85,000	-
Wavertree Charitable Trust	51,000	-
	<u>381,649</u>	<u>88,412</u>
Equine Science Research:		
Royal Veterinary College	80,000	40,000
University of Liverpool	80,000	-
University of Edinburgh	-	60,000
Animal Health Trust	-	60,000
University of Glasgow	-	60,000
	<u>160,000</u>	<u>220,000</u>
Thoroughbred Horse Welfare:		
Retraining of Racehorses	50,000	44,321
Royal (Dick) School of Veterinary Studies, University of Edinburgh	50,000	-
University of Glasgow	49,534	-
Greatwood Charity	10,000	-
Homing Ex-Racehorses Organisation Scheme (HEROS)	-	10,000
Moorcroft Racehorse Welfare Centre	6,000	3,000
Thoroughbred Rehabilitation Centre	-	8,900
	<u>165,534</u>	<u>66,221</u>
Heritage and Culture:		
Home of Horseracing Trust	100,000	-
National Horseracing Museum	-	65,000
	<u>100,000</u>	<u>65,000</u>
Other:		
Small grants to racing charities from Chairman's marathon monies	8,607	-
	<u>8,607</u>	<u>-</u>
Total grant expenditure	<u><u>1,095,790</u></u>	<u><u>619,633</u></u>

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

6. SUPPORT COSTS	Generating funds £	Grant making £	Governance £	Total £
Management & administration	5,569	44,553	5,569	55,691
Website and communications	118	940	118	1,176
Information technology	609	4,870	609	6,088
	<u>6,296</u>	<u>50,363</u>	<u>6,296</u>	<u>62,955</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 £1,351 (2013: £2,467) are included in governance costs. These relate to travel and accommodation costs commensurate with attending trustee meetings. Expenses were reimbursed to 2 trustees during the year (2013: 3).

8. STAFF COSTS	2014 £	2013 £
Gross wages	37,033	30,000
Employer's national insurance contributions	3,901	3,086
Pension costs	3,120	3,000
Other benefits	451	456
Total staff costs	<u>44,505</u>	<u>36,542</u>

Until November 2014, the charity employed one member of staff on a part-time basis. An additional full-time member of staff was recruited in November 2014.

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

9. TANGIBLE FIXED ASSETS	Office Equipment £	Total £
Cost		
Balance brought forward	8,115	8,115
Additions	1,740	1,740
	<u>9,855</u>	<u>9,855</u>
Balance carried forward	9,855	9,855
Depreciation		
Balance brought forward	2,705	2,705
Depreciation charge for the year	2,029	2,029
	<u>4,734</u>	<u>4,734</u>
Balance carried forward	4,734	4,734
Net book value		
Balance brought forward	5,410	5,410
	<u>5,121</u>	<u>5,121</u>
Balance carried forward	5,121	5,121
10. FIXED ASSETS INVESTMENTS	2014	2013
	£	£
Carrying market value at the beginning of the year	28,295,177	6,743,163
Additions to investments at cost	83,051,060	25,124,350
Disposals at carrying value	(32,709,263)	(5,517,866)
Investment gains/(losses)	1,761,765	1,945,530
	<u>80,398,739</u>	<u>28,295,177</u>
Carrying market value at end of year	80,398,739	28,295,177
Historical cost at end of year	<u>77,135,879</u>	<u>26,425,676</u>
Analysis of investments (at market value)	£	£
Listed investments:		
Fixed interest securities	6,262,717	1,072,110
Equity shares	1,759,496	559,641
Common investment funds, investment trusts & unit trusts	72,376,526	26,663,426
	<u>80,398,739</u>	<u>28,295,177</u>
Carrying market value at end of year	80,398,739	28,295,177

All investments held by the Foundation are registered on recognised UK stock exchanges.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

Material investment holdings (at market value)

The following investments represent more than 5% of the value of total investments:

	£	£
CF Ruffer Absolute Return Fund	8,211,370	2,926,605
Institutional Cash Series PLC	4,711,554	-
	<u> </u>	<u> </u>
11. DEBTORS	2014	2013
	£	£
Prepayments and accrued income	96,936	2,529
	<u> </u>	<u> </u>
12. CASH AT BANK	2014	2013
	£	£
Cash on deposit with investment managers	879,274	1,434,181
Cash on bank deposit	882,155	520,391
Current account	60,348	75,357
	<u> </u>	<u> </u>
	<u>1,821,777</u>	<u>2,029,929</u>
13. CREDITORS: amounts falling due within one year	2014	2013
	£	£
Grant commitments	718,680	281,215
Trade creditors	71,188	36,634
Accruals and deferred income	10,600	7,848
Other creditors	1,854	-
	<u> </u>	<u> </u>
	<u>802,322</u>	<u>325,697</u>
14. CREDITORS: amounts falling due after more than one year	2014	2013
	£	£
Grant commitments	351,596	201,802
	<u> </u>	<u> </u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

15. FUNDS ANALYSIS

	Balance Brought Forward £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance Carried Forward £
Unrestricted funds						
General reserves	22,633	1,036,777	(1,189,270)	280,000	-	150,140
Designated:						
Tote Sale Proceeds	10,666,864	-	(38,604)	(100,800)	231,215	10,758,675
	<u>10,689,497</u>	<u>1,036,777</u>	<u>(1,227,874)</u>	<u>179,200</u>	<u>231,215</u>	<u>10,908,815</u>
Endowment funds						
Expendable:						
Tote Sale Proceeds	19,116,049	49,895,524	(103,083)	(179,200)	1,530,550	70,259,840
	<u>19,116,049</u>	<u>49,895,524</u>	<u>(103,083)</u>	<u>(179,200)</u>	<u>1,530,550</u>	<u>70,259,840</u>
Total funds	<u>29,805,546</u>	<u>50,932,301</u>	<u>(1,330,957)</u>	<u>-</u>	<u>1,761,765</u>	<u>81,168,655</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 2014

16. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of net income to net cash inflow from operating activities:

	2014	2013
	£	£
Net income	49,601,344	8,689,940
Adjustments:		
Items not involving the movement of funds:		
Depreciation charge	2,029	2,029
Investment income receivable	(1,027,589)	(461,729)
Changes in working capital:		
Decrease / (Increase) in debtors	(94,407)	38,421
Increase in creditors	626,419	507,308
Net cash inflow from operating activities	<u>49,107,796</u>	<u>8,775,969</u>

(b) Reconciliation of net cash flow to movement in net funds:

	2014	2013
	£	£
(Decrease) in cash in the year	(208,152)	(10,368,786)
Change in net funds	<u>(208,152)</u>	<u>(10,368,786)</u>

(c) Analysis of the change in net funds:

	1 Jan 2014	Cash flow	31 Dec 2014
	£	£	£
Net cash:			
Cash at bank and in hand	2,029,929	(208,152)	1,821,777
Change in net funds	<u>2,029,929</u>	<u>(208,152)</u>	<u>1,821,777</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

17. TRANSACTIONS WITH RELATED PARTIES

During the year grants with a combined value of £57,152 (2013: £Nil) were awarded to Racing Welfare. The sole member of Racing Welfare is the Jockey Club. Roger Weatherby, Sir Ian Good and Kirsten Rausing are trustees of the Racing Foundation and members of the Jockey Club. Roger Weatherby is also a Steward of the Jockey Club.

During the year payments amounting to £852 (2013: £100) were paid 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 £396 (2013: £100).

During the year payments amounting to £19,900 (2013: £15,960) were paid to Weatherbys Bank Limited for investment advice. A further £250 (2013: £175) 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 £4,980 (2013: £3,990).

During the year payments amounting to £1,331 (2013: £224) were paid to Weatherbys Thoroughbred Limited for print and design services. Roger Weatherby is a Non-Executive Director of Weatherbys Thoroughbred Limited. At the year end the balance due to Weatherbys Thoroughbred Limited was £1,331 (2013: £Nil).

Although no expenditure was incurred with Jockey Club Estates Limited during 2014, in the prior year £2,485 was paid to Jockey Club Estates Limited 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. At the 2014 year end, the balance due to Jockey Club Estates Limited was £Nil (2013: £Nil).

Although no expenditure was incurred with Thoroughbred Owner and Breeder Limited during 2014, in the prior year payments amounting to £250 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 2014 year end the balance due to Thoroughbred Owner and Breeder Limited was £Nil (2013: £Nil).