



# **RACING HOMES**

(formerly Stable Lads Welfare Trust  
Housing Association Limited)

## **Report and Financial Statements**

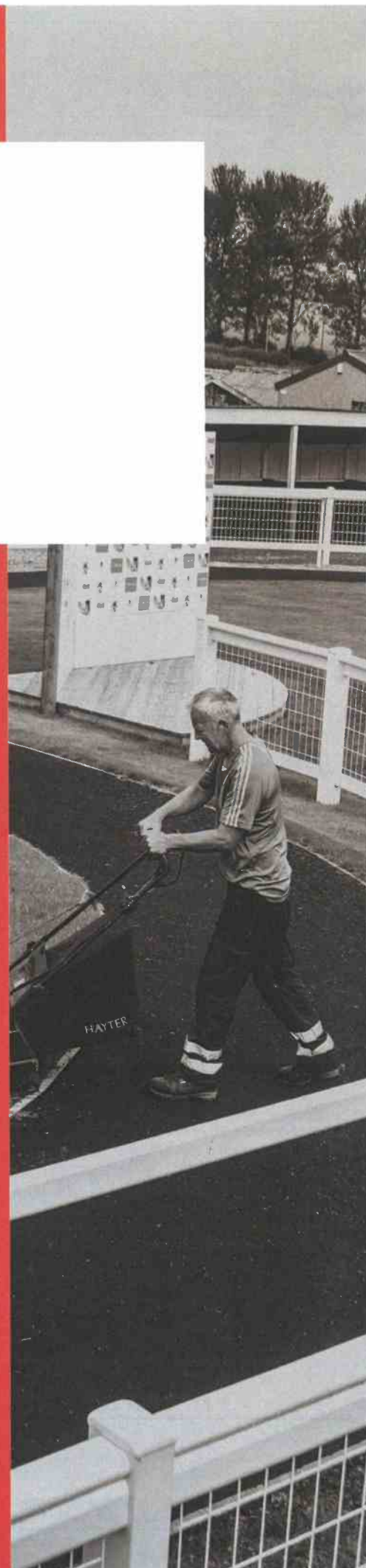
**31 December 2021**

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Registered charity number: 1122961  
Company registration number: 06489067

# Contents

- 1 - Officers and professional advisors
- 3 - Trustees' report
- 23 - Independent auditor's report
- 27 - Statement of financial activities
- 28 - Statement of financial position
- 29 - Statement of cashflow
- 30 - Notes to the financial statements



A photograph showing the lower legs and hooves of several horses standing in a grassy field. The image is partially obscured by a dark purple banner.

# LEGAL AND ADMINISTRATIVE DETAILS

## TRUSTEES AND DIRECTORS

Simon Hope (Chair)  
William Barlow  
Craig Glasper  
Patrick Russell

## CHIEF EXECUTIVE

Dawn Goodfellow

## REGISTERED OFFICE

Robin McAlpine House  
20B Park Lane  
Newmarket  
Suffolk  
CB8 8QD

## SOLICITORS

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Merlin Place  
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Cambridge  
CB4 0DP

## AUDITORS

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## BANKERS

Barclays Bank Plc  
58 High Street  
Newmarket  
Suffolk  
CB8 8NM



# CHAIR'S STATEMENT

Our Chair, Simon Hope, reflects on 2021

2021 has been good year for the charity in terms of its day-to-day operations with staff returning to the office setting and the struggles faced by our tenants being met efficiently by our teams at both Racing Homes and Racing Welfare. Challenges have however been felt with the rising cost of building materials and contractor resource shortages. These have impacted our refurbishment works and led to longer than desired void periods at some of our properties, as well as above expected costs. That said, Racing Homes has produced a surplus for the year, prominently due to the LHA grant received from Racing Welfare, which is restricted for financing the continued programme of repairs and maintenance works on the portfolio.

The biggest frustration has been with the delays to our planning application at Lambourn. The impact of COVID on the planning system, and the numerous consultees involved in the project, have required us to obtain a further extension to our purchase agreement for the site through to December 2022. The trustees have continued to assess the financial viability of the project, and the risks associated. The board remain optimistic of achieving planning and creating a scheme which delivers on the charitable objectives of both Racing Homes and Racing Welfare in an area where there is a significant housing need. We were delighted to receive a pledge from The John Pearce Foundation towards this project and look forward to working with them on shaping this project post-purchase.

The board are also pleased to consider an alternative option for development in Middleham. This could provide greater flexibility and opportunities to consider our environmental impact when delivering a housing scheme in this area. We are grateful to the property team at The Jockey Club for their support in this area.

On behalf of the board, I would like to thank the team at Racing Homes and those at Racing Welfare who contribute to the ongoing success of the charity, enabling it to effectively deliver its charitable objectives.



Simon Hope  
Chair



# TRUSTEES' REPORT

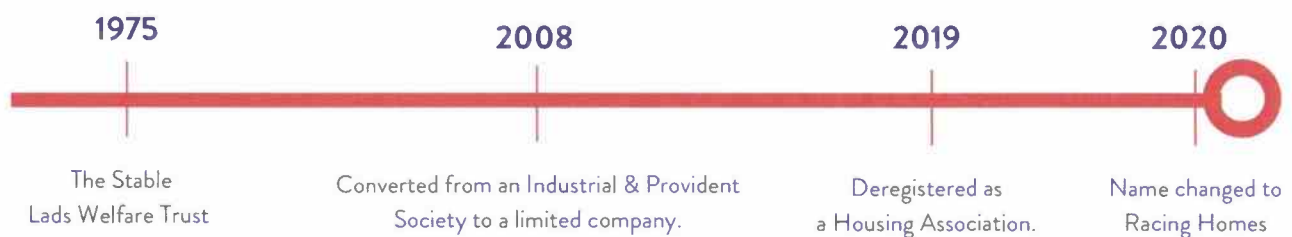
## Objectives and Activities

The Trustees present their annual report and the audited financial statements of the charity for the year ended 31 December 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

### OBJECTIVES AND ACTIVITIES

#### WHO WE ARE

Racing Homes is the wholly-owned subsidiary of Racing Welfare and the two charities work very closely together, both operationally and via their aligned charitable objectives. Racing Homes shares senior management resource and some of its trustees with Racing Welfare and operationally has its own fantastic team of employees.



#### WHAT WE DO

The principal activity of the charity is the provision of affordable housing. Racing Homes' objects, as described formally in its governing document, are to provide affordable housing and associated amenities to those people that need it. In particular, the charity has a focus on providing specially designed or adapted living facilities for those retired beneficiaries who require them due to disability.

Racing Homes manage a housing stock of 165 units of accommodation. Six of these units are owned by Epsom Racing Staff Welfare and 13 by Racing Homes' subsidiary charity, The Rous Charity. In addition, Racing Homes has 23 nomination rights in retirement properties across Newmarket and Lambourn.

The whole portfolio is broken down into schemes. Each scheme houses either retired beneficiaries, young people or working staff. In more recent years the Trustees, in reviewing which group of the racing community had the greatest need for access to affordable housing, decided to transition away from housing working staff and focus on young and retired. Today, the majority of the portfolio provides housing for these two beneficiary groups:

# TRUSTEES' REPORT

## Objectives and Activities continued

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### **Young People – 23 % of the portfolio**

This decision was made due to the difficulty faced by young people who work in horseracing in accessing affordable, safe accommodation. Horseracing employs a relatively high proportion of young people. For many, this can mean the first time they are living away from home. This is coupled with the challenge that under 18s cannot legally hold an interest in property, in the form of a tenancy, and so often end up with unsuitable or unsafe living arrangements.

Research has shown that a relatively high attrition rate from the industry, by people in this group, can often be attributed to the experiences encountered outside of their employment. Providing schemes of accommodation where young people can be supported in their transition to independent living, has been shown to improve retention and well-being. The team acknowledge the increased risks housing young people poses, in particular around safeguarding, but with robust policies and procedures in place, these risks have been mitigated to acceptable levels.

### **Retired – 70% of the portfolio**

The competition for social housing is fierce, particularly in many of those areas densely populated by horseracing businesses. Racing Homes commissioned a housing needs survey in 2015 which established that, due to the location of the racing centres, there is a lack of availability of suitable housing and in all cases, house prices are very high.

### **Working Staff – 7% of the portfolio**

This percentage has decreased over the last five years and now only two schemes still remain dedicated to working staff. This allows the charity to keep a small number of units available, should we have particularly vulnerable beneficiaries or those with special requirements.





# TRUSTEES' REPORT

## Objectives and Activities continued

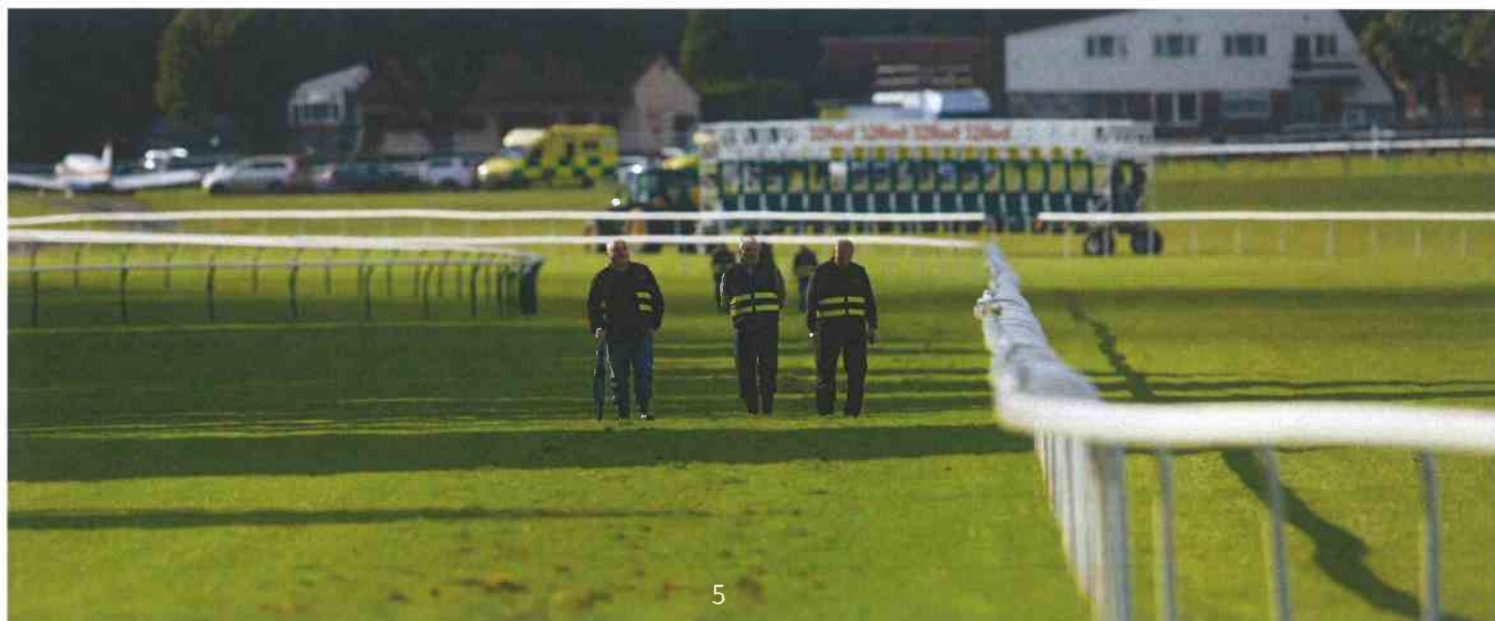
### WHAT WE DO (continued)

The Racing Welfare group work very closely with Epsom Racing Staff Welfare, a charity with similar objects, based solely in the racing hub of Epsom. The charity owns two three bedroom houses which are managed by the Racing Homes team. In addition, the finance and administration function is provided by Racing Welfare. In 2022 Epsom Racing Staff Welfare is expected to formally merge with Racing Homes.

A number of our properties have disabled living adaptations and the Racing Homes team work closely with welfare officers from Racing Welfare to ensure that tenants' needs are monitored and any special adaptations or equipment is installed.

Affordability is a key part of the charity's objects and the trustees have bench-marked and consulted with both the housing team and the welfare team at Racing Welfare, in order to set rent levels. A significant proportion of tenants receive statutory benefits which subsidise or fulfil rental values up to Local Housing Allowances. For young people, Local Housing Allowance rates have been evaluated by the welfare team as affordable for those on standard age-related wage rates in the industry. As such the trustees agreed to transition to Local Housing Allowance rent rates from 2019. There will be a gradual increase for existing tenants and immediate increase on new tenancies, which are subject to affordability testing prior to sign up.

In 2019 the completion of the newest scheme, Summerhill House, set a new benchmark for the quality of housing Racing Homes aspires to provide across its entire portfolio. The Trustees are looking at an ambitious 10-year plan, expanding the property portfolio in those areas with the greatest need. Quality, affordable housing for all of racing's workforce, which is estimated at 20,000 people, is not something that can realistically be achieved by a portfolio and charity of this size. However, in 2022 and beyond the trustees will consider how it can be the driving force behind a significant step change in the racing industry that will ensure that all racing's workforce have access to quality, safe and affordable housing. This can only be achieved by working closely with the regulatory body for racing and other key stakeholders in the industry.



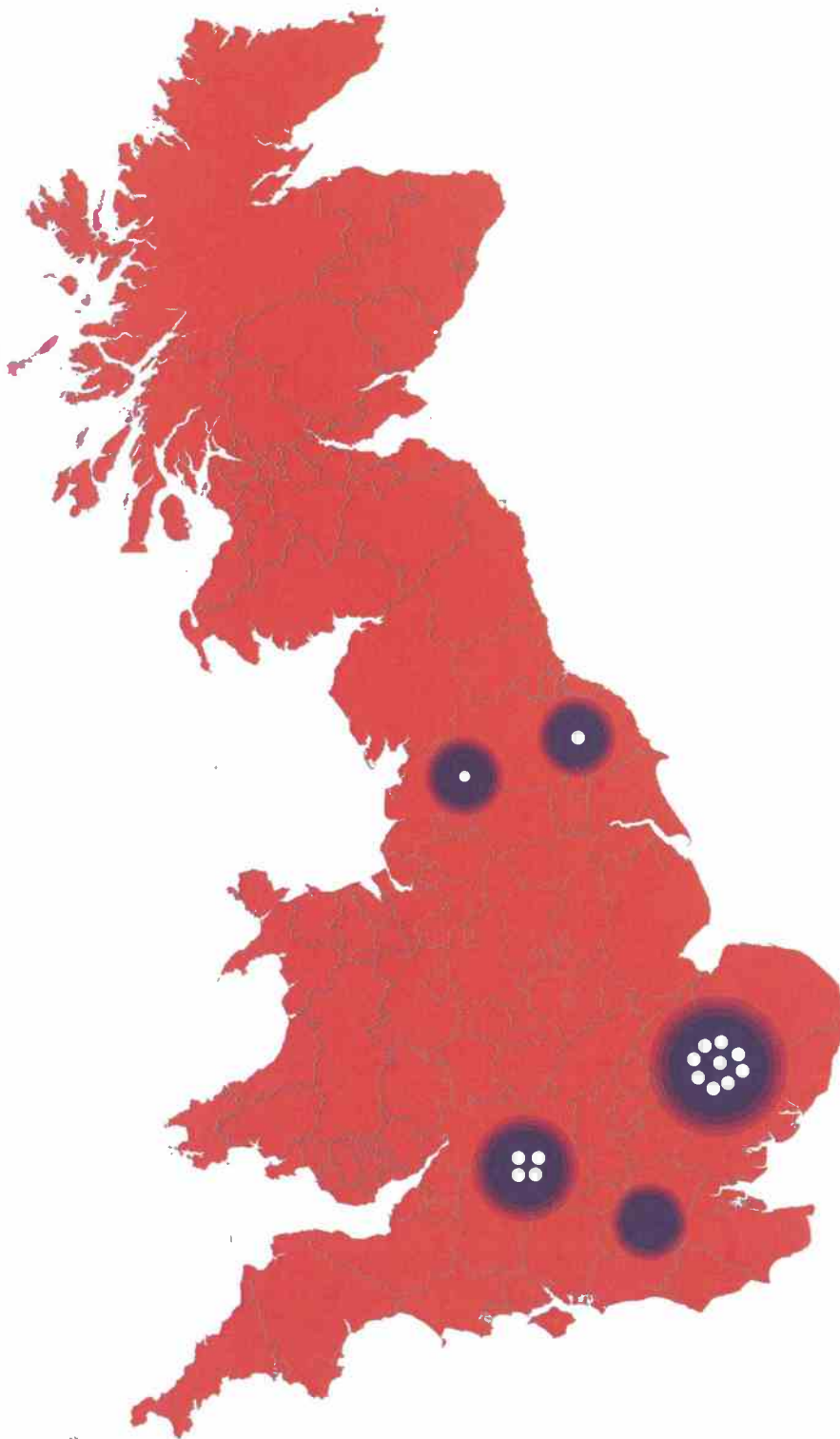
# TRUSTEES' REPORT

## Objectives and Activities continued

### WHERE WE DO IT

Whilst there is a concentration of racing industry staff in the main horseracing training centres shown on the map, racing businesses and their employees can be found in all counties throughout Great Britain. The collaboration with Racing Welfare, who geographically cover the entire country, enables Racing Homes to support and advise the workforce on general housing issues, regardless of whether they are a current tenant. The new strategy developed in 2020 will further widen this reach, through direct support or by influencing macro level change in employee housing.

The Trustees referred to the guidance contained on the Charity Commission's general guidance on the public benefit requirement under the Charities Act 2011 when reviewing its aims and objectives and in planning future activities. In particular, they have considered how planned activities will contribute to the aims and objectives of the charity and remain confident that they continue to satisfy the statutory requirements - albeit that the charity limits the services it provides to those working in, or retired from, the horseracing and thoroughbred breeding industry.





# TRUSTEES' REPORT

## Achievements and Performance

### ACHIEVEMENTS AND PERFORMANCE

#### WHAT WE HAVE ACHIEVED

In 2021 the 165 units in the portfolio housed 174 tenants. There were 51 new lets in the year and the new void refurbishment programme enabled the upgrade of four units of retired accommodation and two units of our working staff accommodation. This programme of refurbishment will see the entire portfolio upgraded to a high standard as and when properties become vacant in conjunction with our asset investment strategy

During 2020 the Racing Homes board engaged with Savills to produce a growth strategy. This important piece of work was made possible by a generous grant from the Racing Foundation. The strategy enabled the board to consider all the possible funding options for growth which has enabled them to set a realistic path for the next 10 years of portfolio expansion. The results confirmed that the charity has the capacity to carry out two medium scale projects (up to 40 units) every ten years, given its capacity for fundraising and subject to receiving a mix of donations, larger grants and some debt financing. We therefore continue to be reliant on our loyal base of supporters to successfully deliver more houses for racing's current and retired workforce. The two projects outline for the next 10 years are in the two racing centres of Middleham and Lambourn.

#### Hill House

Hill House in Middleham is a grade two listed property set in the centre of the town. Racing Welfare purchased the property in 2018 in order to develop it to create a multi-purpose offering for the town. The project planned to feature young people's accommodation, a community space, an IT suite, a gym and physio treatment room plus office space for Racing Welfare's staff who are based in the town. During 2021 an opportunity arose to explore the potential for developing a piece of land in the centre of Middleham. The trustees have secured this land with an option to purchase if planning consent can be achieved. This site, if successful, would provide more flexibility in terms of build specification than Hill House and it would allow the charity to consider the environmental impact of the build in a way that is not possible with the development of a listed property. For this reason the development of Hill House is on hold whilst planning permission is applied for on the new site.

# TRUSTEES' REPORT

## Achievements and Performance continued

### WHAT WE HAVE ACHIEVED (continued)

#### Lambourn

In line with the Growth Strategy produced by Savills in 2020, Racing Homes continue to consider development opportunities in areas with the greatest housing need. Research identified that Lambourn has a significant shortage of racing staff accommodation, and this is a limiting factor for the success of training businesses in the area. Racing Homes acquired an agreement to purchase a property with a parcel of land in the centre of the village, conditional on achieving planning. Racing Homes, assisted by the property team at The Jockey Club, have submitted outline planning for a scheme that would provide Lambourn with a high-quality young people's residence (for those aged 16-24yrs old) of 20 bedrooms within a wardened two storey building and a further 24 one- and two-bedroom homes for racing staff and retired racing staff. A decision on outline planning is expected in 2022. If planning is successful, the purchase of the property will be made possible by the generous support from The John Pearce Foundation.



# TRUSTEES' REPORT

## Achievements and Performance continued

### WHAT WE HAVE ACHIEVED (continued)

#### Case Study - David and Keith

David and Keith moved into a newly refurbished ground floor property at Jack Jarvis Close in February 2021. They were previously living in a 1st floor flat but Keith was struggling with the stairs and was unable to use the bath in the bathroom due to health reasons. David and Keith received a lot of support with the move. A Welfare Officer helped them fill out the transfer application form and made sure they provided the correct supporting documents to the housing team. They also supported them with applying for Housing Benefit and Carers Allowance, as David became Keith's full-time carer.

*David says, 'We love our neighbours at Jack Jarvis Close. It is so much better for us living in ground floor accommodation as Keith was becoming housebound due to being unable to manage the communal stairs at our previous property. Having a wet room is so also much better for Keith and has given him some independence back. We couldn't have managed the move without the help of the welfare team who worked closely with the housing team for the best outcome for us. Both teams supported us a lot including making sure we were claiming the correct benefits once we moved.'*

In 2021 we issued a customer survey to gather feedback on what our tenants thought of our service, the quality of their homes and where they live. We were very pleased to learn that 84% of our tenants are satisfied with the service provided by Racing Homes and the quality of their homes. 91% of tenants are satisfied with where they live and 98% feel safe in their homes. The survey, however, did identify areas where we can improve with respondents indicating they are not always satisfied with the cleaning, ground maintenance and repair service. Our tenants also gave feedback on several areas where they are unclear on our policy and procedures or the services we provide. Whilst the pandemic has delayed how we intended to action and respond to the feedback received, an action plan has been developed to increase satisfaction and ensure our tenants are informed of how we performed.



# TRUSTEES' REPORT

Achievements and Performance continued

## HOW WE ACHIEVED IT

Racing Homes shares senior management team resource with Racing Welfare and Jockey Club Estates. The Chief Executive Officer (CEO) and Chief Operating Officer (COO) of Racing Welfare oversee Racing Homes but the day to day running of the charity is delegated to the Head of Housing. For our capital projects work we are supported by the Group Property Team at the Jockey Club.

Racing Homes finance function is provided by the Racing Welfare finance team headed up by the COO of Racing Welfare. Racing Homes has its own accounts assistant who reports into Racing Welfare's Head of Finance. Welfare support and advice is provided by Racing Welfare's welfare team headed up by the Director of Welfare and fundraising for capital projects in Racing Homes is provided by Racing Welfare's fundraising team, headed up by the Head of Fundraising.

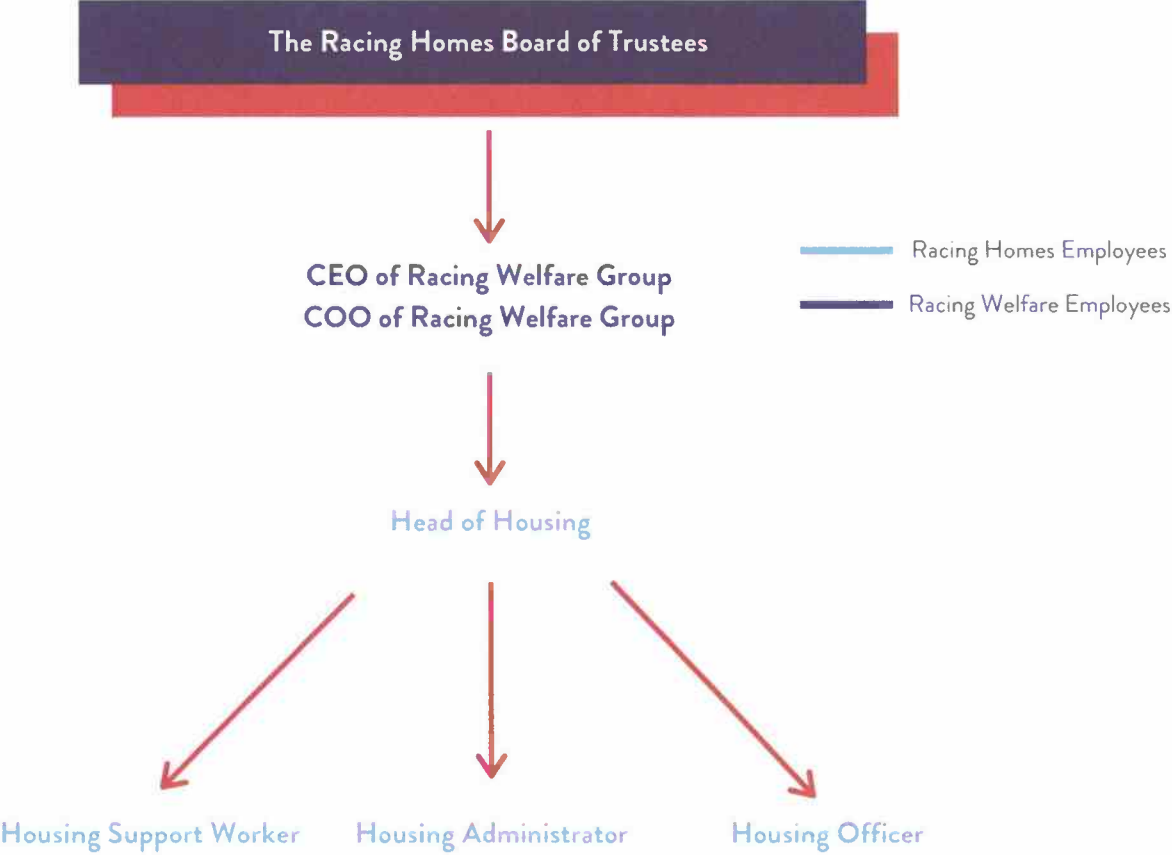
In addition to the close association with Racing Welfare's welfare team, Racing Homes employs a Housing Support Officer. The role was introduced in 2019 to provide support and guidance to the young people housed by Racing Homes across the portfolio, with an emphasis on providing holistic support to enable them to thrive in both their home and work lives. This has improved rent arrears and bad debts but also there are early signs of improved retention and wellbeing of staff in the horseracing industry. This post was funded in 2021 by a grant from Racing Welfare, made possible by the generous support of the EBM Charitable Trust.



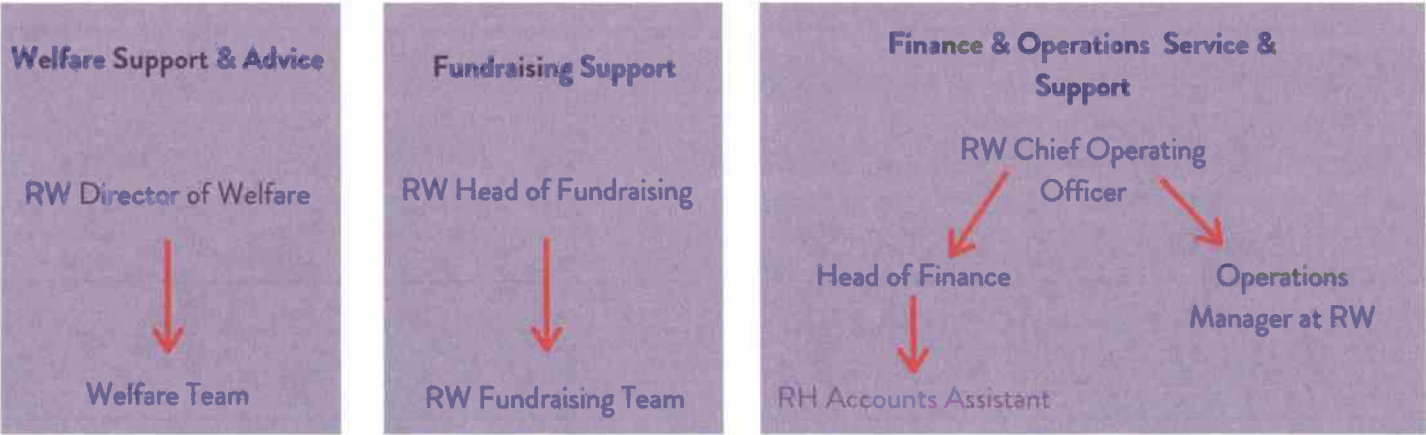
# TRUSTEES' REPORT

Achievements and Performance continued

## HOW WE ACHIEVED IT (continued)



## Support Services Provided by Racing Welfare



# TRUSTEES' REPORT

Achievements and Performance continued

## WHAT WE PLAN TO DO NEXT

2022 will see a number of changes being introduced in order to improve some of our internal processes and streamline our compliance monitoring and record keeping. In addition to fully utilising the new housing software, a new internal role has been created. The new Property and Contracts Manager role will be responsible for all buildings management and will result in the asset management function being taken in-house.

Whilst customer satisfaction from the 2021 survey was extremely positive, the survey also indicated our tenants would like more opportunities to engage with us. In order that we can engage purposefully, we will roll out an annual program of residents meetings on our housing schemes and provide an opportunity to join our Housing Officer on an estate inspection. We will make sure that it is easier to access information and contact us by improving our website and introducing a text service.

A newsletter is planned twice a year and the Spring edition will give tenants feedback on the survey and respond to some of the comments and suggestions made by tenants. A new short survey on our repair service will be introduced to ensure that the service delivered is good quality and reliable. We have improved how we carry out and inspect the condition of our communal areas, including the cleaning and ground maintenance. This will ensure we monitor the quality of service. We have introduced regular contractor meetings which allows us to address any issues in a timely and effective manner.

It is important to us that our properties are safe and kept in good repair, one of the benefits of this is to enable us to meet the challenge of reducing carbon emissions and identify where energy efficiency can be improved. In 2022 and 2023 we intend to survey and review the condition of our homes and estates to identify where major investment programs are required. We will establish a plan to fund these and communicate our investment strategy to our tenants. We have continued our electrical program of work which is due to complete in April 2022 and the Fire Risk Reviews of our communal areas will shortly commence, both of which ensure our homes and buildings are safe.





# TRUSTEES' REPORT

Achievements and Performance continued

## WHAT WE PLAN TO DO NEXT (continued)

The team will continue to work on both homelessness and decarbonisation, two areas which have lacked progression in 2020 and 2021 due to the impact on our internal resources due to COVID. The internal working group tasked with considering homelessness has been supplemented with some new members who have specific experience in this area.

The government decarbonisation strategy aims for the UK economy to become net carbon zero by 2050. This will have a significant impact on the housing sector. We have started to undertake work to help us form our own strategy and will continue to work on this in 2022. Our initial steps have been to capture the essential energy information so we can identify the biggest impact changes that can be prioritised.

Gaining planning permission in Lambourn and Middleham will remain a priority for the housing development team who continue to carefully assess the risks associated with development and revisiting budgets and costings. Financing our projects is still an area of focus for the team, along with planning how we can begin to work towards our vision: that everyone from the horseracing and breeding industry has access to high quality, affordable, safe housing. This is alongside our mission: to sustainably grow a high quality, affordable housing portfolio that demonstrates best practice in housing management and delivers services that improve beneficiaries' lives.



# TRUSTEES' REPORT

## Financial Review

### OUR FINANCIAL PERFORMANCE

#### Our Income

The total income for the year was £1,100.0k (2020: £1,632.6k), the reduction due to a decrease in donations and legacies.

Income from housing activities increased by 8% in 2021, the effect of the charity's policy of adopting Local Housing Allowance-based rents for new tenants in refurbished properties along with the impact of the first full year following completion of the refurbishment of MacDonald Buchanan House in June 2020, alone responsible for a 4% increase in total housing income.

Income from donations and legacies decreased (2021: £260.2k; 2020: £852.9k), as a result of a one-off £500k granted from Racing Welfare towards the development in Middleham in 2020.

#### Our Expenditure

Expenditure in the year decreased slightly from £911.2k in 2020 to £885.8k. The charity saw management costs decrease due to a one-off cost of £58.5k in 2020 of a strategy review and future funding options. Depreciation was £22.2k higher this year as a result of the property refurbishment works being undertaken, and governance costs also increased as the charity sought to merge with its small subsidiary charity, the Rous Charity.

Net income for the year was £214.2k, down from £721.4k in 2020.

#### Balance Sheet

Cash is managed at a group level and has resulted in a balance of £195.3k due from Racing Welfare at the year-end (2020 £39.4k due to Racing Welfare). Despite this Cash at bank and in hand increased from £642.4k to £732.1k. This has seen a change in the net current asset position of the Charity to £724.4k at the end of 2021 from £433.7k a year earlier. Net assets as at 31 December 2021 were £12.4m (2020: £12.2m).

#### Managing our Reserves

Racing Homes holds reserves for the purpose of owning, maintaining and developing the housing portfolio. As at 31 December 2021 the charity held total reserves of £12.4m (2020 - £12.2m). Unrestricted funds amounted to £4.7m (2020 - £4.2m) and restricted funds were stated at £7.7m (2020 - £7.9m). Within the unrestricted funds are £4.5m (2020 - £4.2m) of designated funds which represent the net book value of fixed assets and associated liabilities that are not classified as restricted. The designated fund will be expended in line with the amortisation of the properties represented by the fund.

# TRUSTEES' REPORT

## Financial Review continued

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### OUR FINANCIAL PERFORMANCE (continued)

#### Managing our Reserves (continued)

Restricted funds represent properties which have been transferred to Racing Homes with a restriction imposed relating to the requirement to house individuals working in or retired from the horseracing and breeding industry along with funds received towards future developments.

The charity has a reserves policy, in line with its parent, to keep six months of property management costs in free reserves. This is estimated at £250.0k. Free reserves, represented by the revenue reserve, are £218.7k as at 31 December 2021 (2020 – £25.7k in deficit). Over the past three years the charity has partly funded capital projects from its own reserves where sufficient funds could not be raised despite the generous donations received from a number of trusts. This left the general reserve in deficit but after a steady 2021 it has now recovered. A new staffing structure adopted in 2022 has increased overheads and therefore our estimate of 6 months forward expenditure has also increased from £190.0k to £250.0k. However, the Trustees fully expect the general fund will be in line with reserve policy before the end of 2022.

#### Going Concern

The trustees have considered whether there are any material uncertainties about the charity's ability to continue as a going concern. At the balance sheet date, the reported shortfall on the revenue reserve is the legacy of the use of charity reserves to fund capital projects over the past three years as well as increased staffing costs from 2022. As noted above, the general reserve is expected to be in line with policy within the next twelve months.

Recent increases in utilities prices has put pressure on many housing associations. Expenditure on gas and electricity consumed by our schemes constitutes 3.6% of our total expenditure and the majority is recharged to tenants. We have pre-existing contracts in place for most of our schemes which is mitigating short-term exposure to these price rises.

The balance sheet impact is assessed as minimal, as the majority of the funds are represented by land and building of which there are no plans to liquidate. The majority of housing income is received from retired beneficiaries (74%) and a significant number of these people will be in receipt of state pension and/or benefits. 17% of the total rent roll is paid directly to the charity from government provided benefit payments. Tenants facing hardship are able to access support through Racing Welfare. The Charity's forecasts cover a period of 12 months from the approval of this report and no issues were identified that would give rise to a going concern risk.



# TRUSTEES' REPORT

## Financial Review continued

### Principal Risks and Uncertainties

Racing Homes is responsible for ensuring that effective and adequate risk management and internal control systems are in place to manage the major risks to which the charity is exposed. Racing Homes is included under Racing Welfare in terms of risk management and a formal risk management process to assess business risks and implement risk management strategies is in place. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process, the trustees keep under constant review the adequacy of the charity's internal control systems.

The principal risks are identified as those with the highest likelihood of occurrence together with the highest potential impact. Also included are those risks that score highly and are fundamentally key to what we do and how we operate.

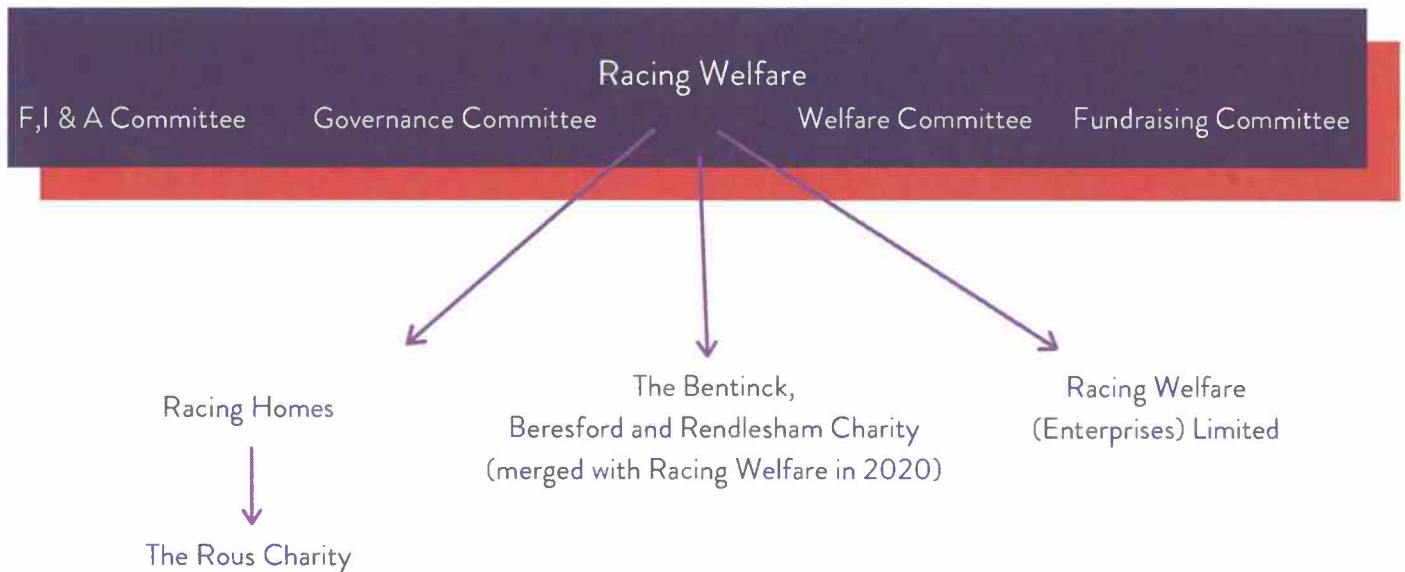
Set out in the table below are the principal risks that are specific to Racing Homes and actions taken to mitigate the risks. The trustees acknowledge that there are further, more generic risks, which are included on the charities risk register and may score highly but these risks are not listed here due to their generic nature or because they, by nature, are not within our power to control or mitigate e.g. changes in the economy.

Risk Description	Risk Mitigation
<b>Failure to protect vulnerable adults and young people:</b>	All staff are appropriately vetted in accordance with law and current regulations. The charity adopts Racing Welfare's safeguarding policy which is regularly reviewed by dedicated safeguarding staff and is the recipient of the SafeCic Safe Award recognising excellence in safeguarding standards. Safeguarding training is undertaken by all staff. DBS checks are carried out on all trustees. All line managers and HR staff undergo Safer Recruitment training.
<b>Non-compliance with electrical, gas and fire safety requirements:</b>  Failure to comply with safety requirements could lead to serious harm to tenants and property	Fire risk assessments are conducted at all schemes along with weekly alarm tests, along with staff regularly checking communal areas for good housekeeping. Annual PAT testing is conducted along with five year fixed-wire testing. Contracts are in place for electrical and gas safety. The central housing management software triggers compliance reminders.
<b>Stock deterioration</b>  Tenant, staff injury sustained from deterioration of housing stock as well as the reputation risk associated with sub-standard housing.	Racing Homes has committed to providing housing of a high standard and is in the process of refurbishing older units, as well as recently completing a full refurbishment of a block of young persons accommodation. A stock condition survey will be undertaken in 2022 from which an updated long-term maintenance programme will be produced by a dedicated in-house property manager.

# TRUSTEES' REPORT

## Governance and Structure

### Our Governance, Structure and Management Group Structure



Racing Welfare is the sole member of Racing Homes. Racing Welfare is a company limited by guarantee (company registration number 04116279) and a registered charity (charity registration number 1084042). Racing Homes is the sole trustee of The Rous Charity (charity registration number 1068581).

The entire group benefits from the senior management team who sit within Racing Welfare. The other group charities benefit from the advice and guidance of all of Racing Welfare's sub committees. For details on the terms of reference for each committee please refer to Racing Welfare's consolidated financial statements.

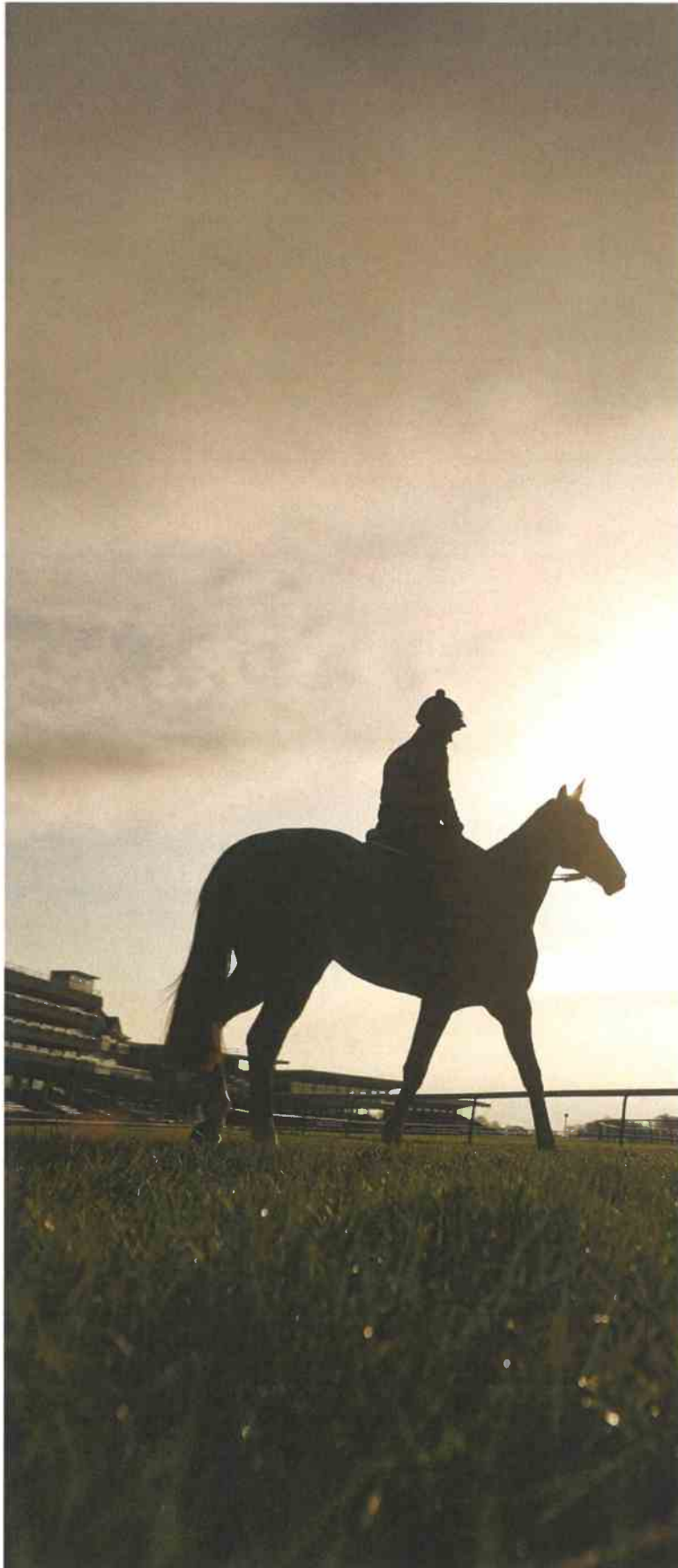
#### Governance

Racing Homes is constituted as a company limited by guarantee, with governance arrangements set out in the charity's Memorandum and Articles of Association.

The Trustees have fully adopted the Charity Governance Code. One of the outcomes of the adoption of the code was the creation of the Governance Committee in 2019, and since then numerous improvements have been implemented as a result of the work generated by the new committee. The initial review of the charity's performance against the Charity Governance Code provided a score given for each of the seven principles and identified the priorities in 2020 of improving diversity and inclusion as well as reviewing board effectiveness.

# TRUSTEES' REPORT

## Objectives and Activities continued



### Governance (continued)

A second review of the charity's performance against the Charity Governance Code was undertaken in 2021 to assess the impact of the priorities addressed in 2020; diversity and inclusion and board effectiveness; and to identify the next areas for improvement. The review identified that the improvements introduced had made a significant impact on both areas and identified additional measures to improve board effectiveness. This included a board effectiveness survey carried out in 2021 and new trustee objectives and trustee performance review procedures being introduced in 2022.

We held three trustee strategy days, outside of board meetings, in 2021. The first designed to highlight any areas of the charity which should be prioritised in our strategy and the subsequent sessions focusing on those areas. This resulted in two very productive days looking at our income diversification and the evaluation of our services. The action points from these sessions have been incorporated into the work being delivered by the team.



# TRUSTEES' REPORT

## Governance and Structure continued

### Trustees

The maximum number of trustees permitted is 15, and a minimum of 3. One third of the Trustees automatically retire each year (those being longest since appointment or reappointment) and may be re-elected. In line with the Charity Governance Code the charity imposes a maximum term of 9 years except where the permanent retirement would have a clear detrimental impact on the Charity. All trustees are also directors. With the exception of one trustee, the remaining trustees are also trustees of Racing Welfare.

The board is charged to use its best endeavours to ensure the composition of the board at any time represents an appropriate balance of skills including knowledge and experience of housing matters as well as activities within the horseracing industry. The newly implemented trustee recruitment process requires any trustee to join firstly as a committee member and serve at least 12 months prior to being considered by the board for trusteeship. New committee members are recruited according to any gaps identified by the trustee skills audit and a recruitment process is followed involving extensive advertising via internal and external channels. Each position's recruitment strategy is developed according to the specialism required and is signed off by the Chief Operating Officer who sits on the Governance Committee. The process has been designed to improve diversity on the board. All new committee members and trustees are provided with an induction programme so that they can fulfil their role on the Board. Trustees are DBS checked and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. During the year a new committee member was recruited, Simon Stockley, who has a wealth of property experience in his roles within the UK forces.



# TRUSTEES' REPORT

## Governance and Structure continued

### Employment Practices and Pay

Racing Homes, as part of the Racing Welfare group of charities, is developing our diversity, inclusion and equality agenda. A diversity and inclusion (D&I) champion has been appointed and is actively working with the senior management team to help ensure that nurturing a diverse and inclusive working environment, where we attract the full range of talent and everyone can be themselves, is embedded within all processes and policies within the charities. The D & I champion is also a member of the Jockey Club's equality, diversity and inclusion group.

All salaries for Racing Homes employees are benchmarked against salary rates across other similar organisations. The Head of Housing is part of the Housing Association benchmarking group Acuity and has created a staffing structure and remuneration rates that are competitive and fair.

All salary rates are proposed to the Finance, Investment and Audit Committee in Racing Welfare which approves any changes as part of the annual budget process. Subject to affordability, the charity's policy has been to award an annual pay rise consistent with increases in cost of living indices and having regard to the level of pay award agreed by the Jockey Club. There are no senior staff on the Racing Homes payroll.

The Racing Welfare group is passionate about promoting positive mental health and wellbeing across the racing industry but also within its own walls. The group provides flexible working options to help promote a good work/life balance and to support those with families. The senior management team has an ongoing agenda of reviewing the wellbeing of the workforce, introducing new initiatives, consulting with employees and undertaking specific training to improve leadership, all with the aim of maximising employee potential and satisfaction. In 2020 the organisation took part in a staff satisfaction survey. The results reported that: 100% of Racing Homes staff felt valued for the contribution they made to the organisation; 100% believed that Racing Homes works in the best interest of racing; 100% felt the information on charity matters is open, transparent and freely shared when appropriate and 100% felt encouraged, supported to learn, and developed to be able to do their best work. This survey will be repeated in 2022.

An extensive learning and training programme is afforded to every employee with a mixture of online learning opportunities as well as traditional courses and qualifications. Each year the Racing Welfare group hosts two, two-day staff forums where all staff meet for a programme of training and strategy setting.





# TRUSTEES' REPORT

## Governance and Structure continued

### Employment Practices and Pay (continued)

Employee Health and Safety has been enhanced with the adoption of The Jockey Club's health and safety online training programme, Human Focus. This will improve the quality of training as well as provide efficient monitoring.

### Fundraising

The charity does not undertake fundraising. All fundraising is carried out by Racing Welfare and any funds collected for projects which are to be delivered by Racing Homes are transferred via a restricted grant. Full details on the fundraising policies and practices of Racing Welfare are contained in the group consolidated financial statements.

### Environmental

The charity is conscious of monitoring the environmental impact that it makes. We have a green champion that sits on the Jockey Club's Green Champion Board and the Trustees have prioritised ESG (environmental, social and governance) for 2022. Racing Homes is making the first steps in creating a decarbonisation strategy for Racing Homes by working with Jockey Club Estates in an externally provided review of the business. The Trustees are committed to becoming carbon neutral by 2050.





# STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of the incoming resources and application of resources of the Charity for that year. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 1993, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed.

They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Racing Welfare website

## Statement as disclosure to our auditors

In accordance with company law, the trustees, as the company's directors, certify that

- so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware.
- each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

## Auditors

RSM UK Audit LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The trustees' report was approved on 26th May 2022 and signed on its behalf:



Simon Hope (Chairman)

# INDEPENDENT AUDITOR'S REPORT

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## **Opinion**

We have audited the financial statements of Racing Homes (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

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

## **Other information**

The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report.

# INDEPENDENT AUDITOR'S REPORT

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## **Other information (continued)**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

## **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 22, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



# INDEPENDENT AUDITOR'S REPORT

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## **Responsibilities of trustees (continued)**

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

# INDEPENDENT AUDITOR'S REPORT

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to any new or unusual transactions which may not be in accordance with the governing documents.

The audit engagement team identified the risk of management override of controls and completeness of income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and performing tests of detail on income recognised in the year and subsequent to the year-end.

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

## **Use of our report**

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

*Claire Sutherland*

CLAIRE SUTHERLAND (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Blenheim House  
Newmarket Road  
Bury St Edmunds  
Suffolk  
IP33 3SB

Date: 15/06/22

# STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2021

	Note	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000 (note 18)
<b>INCOME FROM:</b>					
Donations and legacies		30.8	240.2	271.0	852.9
Charitable activities - Housing income		839.7	-	839.7	779.6
Investments		0.1	-	0.1	0.1
<b>TOTAL INCOME</b>	2	<u>870.6</u>	<u>240.2</u>	<u>1,110.8</u>	<u>1,632.6</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	3	696.1	200.7	896.8	911.2
<b>TOTAL EXPENDITURE</b>		<u>696.1</u>	<u>200.7</u>	<u>896.8</u>	<u>911.2</u>
<b>NET INCOME FOR THE YEAR</b>		<u>174.5</u>	<u>39.5</u>	<u>214.0</u>	<u>721.4</u>
Transfers between funds		285.5	(285.5)	-	-
<b>NET MOVEMENTS IN FUNDS</b>		<u>460.0</u>	<u>(246.0)</u>	<u>214.0</u>	<u>721.4</u>
<b>Reconciliation of funds:</b>					
Balances brought forward 1 January		4,219.1	7,944.3	12,163.4	11,442.0
Balances carried forward 31 December		<u>4,679.1</u>	<u>7,698.3</u>	<u>12,377.4</u>	<u>12,163.4</u>



# STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

Company number 06489067

	Note	2021 £'000	2020 £'000
<b>INTANGIBLE FIXED ASSETS</b>	7	163.9	165.5
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties	8	13,164.1	13,249.8
Other fixed assets	9	35.9	47.1
		<u>13,363.9</u>	<u>13,462.4</u>
<b>CURRENT ASSETS</b>			
Debtors	10	265.2	43.3
Cash at bank and in hand		<u>732.1</u>	<u>642.4</u>
		997.3	685.7
<b>CREDITORS: amounts falling due within one year</b>	11	(291.8)	(252.0)
<b>NET CURRENT ASSETS</b>		<u>705.5</u>	<u>433.7</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	(1,692.0)	(1,732.7)
<b>NET ASSETS</b>		<u>12,377.4</u>	<u>12,163.4</u>
<b>THE FUNDS OF THE CHARITY</b>			
<b>Unrestricted reserves</b>			
Revenue reserve		218.5	(25.7)
Designated reserve:			
Fixed asset fund		4,460.6	4,244.8
<b>Total unrestricted reserves</b>	13	<u>4,679.1</u>	<u>4,219.1</u>
<b>Restricted reserves</b>			
Housing for racing industry staff		7,698.3	7,944.3
<b>Total restricted reserves</b>	13	<u>7,698.3</u>	<u>7,944.3</u>
<b>TOTAL FUNDS</b>		<u>12,377.4</u>	<u>12,163.4</u>

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

The financial statements on pages 27 to 42 of Racing Homes were approved by the Board of Directors and authorised for issue on 26th May 2022 and signed on its behalf by:



Simon Hope (Chairman)

# STATEMENT OF FINANCIAL CASHFLOWS

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash provided by operating activities	a)	224.1	662.5
Cash flows from investing activities:			
Purchase of tangible fixed assets	8,9	(93.8)	(219.2)
Net cash used in investing activities		<u>(93.8)</u>	<u>(219.2)</u>
Net cash used in financing activities			
Repayment of loans		(40.6)	(40.7)
Net increase/(decrease) in cash and cash equivalents		<u>89.7</u>	<u>402.6</u>
Cash and cash equivalents at 1 January		642.4	239.8
Cash and cash equivalents at 31 December		<u>732.1</u>	<u>642.4</u>

## a) Reconciliation of net income for the year to net cash provided by operating activities

	2021 £'000	2020 £'000
Net income/(expenditure) for the year	214.0	721.4
Depreciation and amortisation	282.0	259.6
(Increase) in debtors	(221.9)	(11.5)
(Decrease)/Increase in creditors	(50.0)	(307.0)
Net cash inflow provided by operating activities	<u>224.1</u>	<u>662.5</u>

## b) Analysis of net debt

	At 1 January 2021 £'000	Cash flows £'000	Non- Cash flows £'000	At 31 December 2021 £'000
Bank	642.4	89.7	-	732.1
Loans	(1,773.3)	40.6	-	(1,732.7)
	<u>(1,130.9)</u>	<u>130.3</u>	<u>-</u>	<u>(1,000.6)</u>
Borrowings				
Debt due within 1 year	(40.6)	40.6	(40.7)	(40.7)
Debt due after 1 year	(1,732.7)	-	40.7	(1,692.0)
	<u>(1,773.3)</u>	<u>40.6</u>	<u>-</u>	<u>(1,732.7)</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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## 1. ACCOUNTING POLICIES

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, with the exception of certain fixed assets and investments which are included at market value or deemed cost. The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Racing Homes meets the definition of a public benefit entity under FRS 102.

### **Basis of consolidation**

The charitable company is exempt by virtue of section 398 of the Companies Act 2006 from the requirement to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

### **Going concern**

The directors have identified no material uncertainties and have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of approval of the financial statements, and the charity is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Income**

Income from charitable activities represents rents and service charges receivable. All rental and service charge income is from social housing lettings. Grants and donations are recognised as income upon approval of application or receipt, whichever is sooner and only to the extent that any performance criteria has been met. Interest receivable is included in the accounts when due.

### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 1. ACCOUNTING POLICIES (CONT.)

### Tangible fixed assets and depreciation

Housing properties are stated at deemed cost less accumulated depreciation; the company having taken advantage of the exemption in paragraph 35.10 (d) of FRS 102 to use the valuation at the date of transition as deemed cost. Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets as follows:

Housing properties (including leasehold)	2% per annum or over the lease term
Housing property improvements	10%-25% per annum
Housing property fixtures and fittings	25% per annum

Freehold land is not depreciated.

The residual value (land) is calculated as a proportion of the deemed cost of the properties at the balance sheet date, calculated using the guidance issued by the National Housing Federation.

The Charity capitalises expenditure on housing which results in an increase in net rental income, which adds to the value of the property or which extends its useful economic life.

### Intangible fixed assets - nomination rights

Nomination rights cover the right to nominate 6 residents to Childwick House, Newmarket and 17 residents to Fielden Court, Kingsclere. They are depreciated in equal amounts over a period of 125 years. They are stated at net book value.

### Interest payable

Interest payable is charged to the SOFA in the year which it accrues.

### Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expense for which it was incurred.

### Fund accounting

Unrestricted funds are those which are available for use at the discretion of the Trustees in furtherance of the general objects of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 1.ACCOUNTING POLICIES (CONT)

### Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for income and expenditure during the period. However, the nature of the estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

#### Tangible fixed assets:

Tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal value.

## 2. INCOME

	2021 £'000	2020 £'000
<b>Donations and legacies</b>		
Grants received - restricted	240.2	847.9
Donations - unrestricted	30.8	5.0
	<u>271.0</u>	<u>852.9</u>
<b>Charitable activities</b>		
Rent receivable net of identifiable service charges	788.8	724.4
Service charges receivable	50.9	55.2
	<u>839.7</u>	<u>779.6</u>
<b>Investment income</b>		
Interest receivable	0.1	0.1
	<u>0.1</u>	<u>0.1</u>
<b>Total income</b>	<u>1,110.8</u>	<u>1,632.6</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 3. TOTAL EXPENDITURE

	Activities undertaken 2021 £'000	Support costs 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Charitable activities</b>				
Provision of social housing (note 4)	833.8	63.0	896.8	911.2
	<u>833.8</u>	<u>63.0</u>	<u>896.8</u>	<u>911.2</u>
<b>Support costs</b>				
Overheads and administration costs			46.0	46.0
Governance			17.0	6.8
			<u>63.0</u>	<u>52.8</u>

Audit fees included in support costs amount to £4.8k (2020: £4.4k)

Management and administration overheads of £46k (2020: £46k) allocated to the charity from Racing Welfare are apportioned on the basis of Racing Welfare staff time spent on Racing Homes matters.

## 4. ANALYSIS OF SOCIAL HOUSING COSTS

	Total 2021 £'000	Total 2020 £'000
<b>Operating costs</b>		
Management costs	282.6	328.2
Service charges	112.2	117.6
Maintenance of properties	126.7	119.9
Governance costs	17.0	6.8
Bad debts	3.7	5.5
Loan interest	72.6	74.5
Depreciation of housing properties	265.8	245.4
Depreciation of fixtures and fittings	14.6	12.6
(Profit) on disposal of fixed assets	-	(0.9)
Amortisation of nomination rights	1.6	1.6
<b>Expenditure on social housing</b>	<u>896.8</u>	<u>911.2</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 5. STAFF COSTS

	Total 2021 £'000	Total 2020 £'000
Wages	118.8	107.6
Employer's national insurance contributions	11.0	9.3
Pension costs	8.5	7.4
Total	<u>138.3</u>	<u>124.3</u>

The average number of staff in the year was 5 (2020: 5)

No employees earned over £60,000 in the year

Key staff, which are deemed to be The Chief Executive Officer and Chief Operating Officer of Racing Welfare are employed by Racing Welfare therefore the Charity incurred total remuneration costs of £nil in this respect during the year (2020: £nil).

## 6. DIRECTORS' REMUNERATION

No remuneration was paid to the Directors during the year, nor in the previous year. No travelling and subsistence expenses were paid in 2021 (2020: £nil).

## 7. INTANGIBLE FIXED ASSETS

	Nomination Rights £
Cost	
At 1 January 2021 and 31 December 2021	<u>197.7</u>
Amortisation	
At 1 January 2021	32.2
Charge for year	1.6
At 31 December 2021	<u>33.8</u>
Net book value	
At 31 December 2021	<u>163.9</u>
At 31 December 2020	<u>165.5</u>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 8. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Assets under development £'000	Freehold land and buildings £'000	Leasehold land and buildings £'000	Freehold improvements £'000	Totals £'000
<b>Deemed cost</b>					
At 1 January 2021	-	12,664.2	895.0	800.9	14,360.1
Additions	18.9	-	-	161.0	179.9
At 31 December 2021	18.9	12,664.2	895.0	961.9	14,540.0
<b>Depreciation</b>					
At 1 January 2021	-	966.3	65.9	78.1	1,110.3
Charge for the year	-	190.9	11.5	63.2	265.6
At 31 December 2021	-	1,157.2	77.4	141.3	1,375.9
<b>Net book value</b>					
At 31 December 2021	18.9	11,507.0	817.6	820.6	13,164.1
At 31 December 2020	-	11,697.9	829.1	722.8	13,249.8
<b>Historic cost</b>				2021 £'000	2020 £'000
Gross cost				12,696.4	12,516.5
Accumulated depreciation on historical cost				(2,609.6)	(2,392.4)
				10,086.8	10,124.1
<b>Housing properties, at deemed cost, comprise:</b>					
Freeholds				13,645.0	13,465.1
Long leaseholds				895.0	895.0
				14,540.0	14,360.1

Housing properties include freehold land of £3,111.3k (2020: £3,111.3k) that is not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 9. TANGIBLE FIXED ASSETS - OTHER

	IT equipment £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2021	-	132.3	-	132.3
Additions	1.6	2.3	-	3.9
At 31 December 2021	1.6	134.6	-	136.2
<b>Depreciation</b>				
At 1 January 2021	-	85.2	-	85.2
Charge for the year	0.2	14.9	-	15.1
At 31 December 2021	0.2	100.1	-	100.3
<b>Net book value</b>				
At 31 December 2021	1.4	34.5	-	35.9
At 31 December 2020	0.0	47.1	-	47.1

## 10. DEBTORS

	2021 £'000	2020 £'000
Rental debtors	30.3	30.2
Prepayments and accrued income	4.4	3.1
Due from the Rous Charity	26.9	2.0
Due from parent undertaking - Racing Welfare	195.3	-
Other debtors	8.3	8.0
	<u>265.2</u>	<u>43.3</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Due to parent undertaking - Racing Welfare	-	39.4
Other taxation and social security payable	0.5	2.3
Trade creditors	57.7	46.9
Accruals and deferred income	188.8	122.0
Other creditors	4.1	0.8
Housing loans	40.7	40.6
	<u>291.8</u>	<u>252.0</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Housing loans	1,692.0	1,732.7
	<u>1,692.0</u>	<u>1,732.7</u>
Analysis of Housing loans repayable by instalments:		
Within one year	40.7	40.6
Between one and two years	40.9	40.7
Between two and five years	123.5	123.0
After five years	1,527.6	1,569.0
	<u>1,732.7</u>	<u>1,773.3</u>

There are two housing loans:

- A loan with a total outstanding amount of £92.7k is secured on properties at Jack Jarvis Close, bears interest at a fixed rate of 15% per annum and is repayable over a period of 60 years from 1980.
- A loan was taken out in 2019, secured against Summerhill House. The loan bears interest of 3.55% and is repayable over a period of 10 years from 2018 at £40k p.a with a break clause after 5 years. The balance will be paid on the maturity date.

## 13. RESERVES

	At 1 January 2021 £'000	Income in the year £'000	Expenditure in the year £'000	Transfers £'000	At 31 December 2021 £'000
<b>Unrestricted funds</b>					
Revenue Reserve	(25.7)	870.6	(490.3)	(136.1)	218.5
Designated - Fixed Asset Fund	4,244.8	-	(205.8)	421.6	4,460.6
<b>Total unrestricted funds</b>	<u>4,219.1</u>	<u>870.6</u>	<u>(696.1)</u>	<u>285.5</u>	<u>4,679.1</u>
<b>Restricted funds</b>					
Housing for Racing Industry Staff	7,444.3	-	(148.9)	(124.5)	7,170.9
Repairs and maintenance fund	-	225.2	(36.8)	(161.0)	27.4
Middleham Development	500.0	-	-	-	500.0
Housing Support Officer	-	15.0	(15.0)	-	-
<b>Total restricted funds</b>	<u>7,944.3</u>	<u>240.2</u>	<u>(200.7)</u>	<u>(285.5)</u>	<u>7,698.3</u>
<b>Total funds</b>	<u>12,163.4</u>	<u>1,110.8</u>	<u>(896.8)</u>	<u>-</u>	<u>12,377.4</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 13. RESERVES (CONT.)

	At 1 January 2020 £'000	Income in the year £'000	Expenditure in the year £'000	Transfers £'000	At 31 December 2020 £'000
<b>Unrestricted funds</b>					
Revenue reserve	(308.9)	784.7	(500.4)	(1.1)	(25.7)
Designated - Fixed Asset Fund	4,261.5	-	(201.5)	184.8	4,244.8
<b>Total unrestricted funds</b>	<b>3,952.6</b>	<b>784.7</b>	<b>(701.9)</b>	<b>183.7</b>	<b>4,219.1</b>
<b>Restricted funds</b>					
Housing for Racing Industry Staff	7,465.4	296.8	(134.2)	(183.7)	7,444.3
Middleham Development	-	500.0	-	-	500.0
Racing Homes Strategy Report	-	51.1	(51.1)	-	-
Housing Support Officer	24.0	-	(24.0)	-	-
<b>Total restricted funds</b>	<b>7,489.4</b>	<b>847.9</b>	<b>(209.3)</b>	<b>(183.7)</b>	<b>7,944.3</b>
<b>Total funds</b>	<b>11,442.0</b>	<b>1,632.6</b>	<b>(911.2)</b>	<b>-</b>	<b>12,163.4</b>

The designated Fixed Asset Fund sets aside funds equivalent to the net book value of both tangible and intangible fixed assets (less; the value of fixed assets associated with the restricted reserve and any liability secured against the asset) and is intended to highlight reserves allocated for such use.

The restricted fund, Housing for Racing Industry, arises as a result of the transfer of housing assets from Racing Welfare. These assets were transferred to Racing Homes with a restriction that they are used to house individuals working in or retired from the horseracing and thoroughbred breeding industry. The value of the reserve equates to the net book value of the assets transferred from Racing Welfare less any liability secured against the asset.

The Repairs and Maintenance fund arises from grants received from Racing Welfare to be used for major repairs and maintenance or refurbishment works of housing stock.

The restricted Middleham Development fund arises from a grant received from Racing Welfare to be used towards the costs of a new development in Middleham, a key racing centre.

The restricted Racing Homes Strategy Report fund arises from a grant received from the Racing Foundation to be used towards the costs of reviewing Racing Homes's strategic options to expand its property portfolio in key racing centres.

The restricted Housing Support Officer fund arises from a grant received to be used towards the costs of employing a Housing Support Officer.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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## 13. RESERVES (CONT.)

### Transfers between funds: 2021

An amount of £3.9k was transferred from the Revenue Reserve to the Designated Fixed Asset Fund, being additions to designated assets that were funded from the Revenue Reserve. Also funded by the revenue reserve were loan repayments of loans secured against designated assets totalling £113.2k and development costs of £18.9k, for which transfers from general funds to designated funds has been made.

An amount of £90.5k was transferred from the Restricted Repairs and Maintenance Fund to the Designated Fixed Asset Fund being refurbishments of designated properties paid from restricted funds. An amount of £70.5k was transferred from the Restricted Repairs and Maintenance Fund to the Restricted Housing for Racing Industry Staff Fund being capitalised property refurbishments of restricted assets paid from restricted funds.

It was identified in the year that the land on which Summerhill House was built should be classed as designated not restricted. As such a transfer of £195.0k has been made from the Restricted Housing for Racing Industry Staff Fund to the Designated Fixed Asset Fund.

### Transfers between funds: 2020

An amount of £69.8k was transferred from the Revenue Reserve to the designated Fixed Asset Fund, being additions to designated assets that were funded from the Revenue Reserve. Also funded by the revenue reserve were loan repayments of loans secured against designated assets totalling £115.0k, for which a transfer from general funds to designated funds has been made.

An amount of £111.5k was transferred from the Revenue Reserve to the restricted Housing for Racing Industry Staff fund, being additions to restricted assets that were funded by the revenue reserve. Upon receipt of the £295.2k in grants from Racing Welfare towards the refurbishment of MacDonald Buchanan House, this amount was transferred to the revenue reserve which funded the costs in lieu of grants being received.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £'000	Designated Funds £'000	General Funds £'000	Total £'000
<b>As at 31 December 2021</b>				
Fixed assets	7,170.9	6,193.0	-	13,363.9
Current Assets	546.4	-	450.9	997.3
Current liabilities	-	(40.7)	(251.1)	(291.8)
Long-term liabilities	-	(1,692.0)	-	(1,692.0)
	<u>7,717.3</u>	<u>4,460.3</u>	<u>199.8</u>	<u>12,377.4</u>
<b>As at 31 December 2020</b>				
Fixed assets	7,444.3	6,018.1	-	13,462.4
Current Assets	500.0	-	185.7	685.7
Current liabilities	-	(40.6)	(211.4)	(252.0)
Long-term liabilities	-	(1,732.7)	-	(1,732.7)
	<u>7,944.3</u>	<u>4,244.8</u>	<u>(25.7)</u>	<u>12,163.4</u>

## 15. CONNECTED CHARITIES

The Charity has some directors and administration in common with the following charities:

- Racing Welfare
- The Bentinck, Beresford and Rendlesham Charity
- The Rous Charity

These charities have the same principal office as Racing Homes.

Racing Welfare is the sole member of the Charity. Its charitable objects include the relief of poverty and distress amongst people working in, or retired from, the thoroughbred racing and breeding industry and their dependants. This is congruent with the objects of Racing Homes.

The Rous Charity is an almshouse charity, of which Racing Homes is the sole Trustee.

Balances due to/(from) Racing Homes were as follows:

	2021 £'000	2020 £'000
Amounts due from / (to) Racing Welfare	195.3	(39.4)
Amounts due from the Rous Charity	26.9	2.0
	<u>          </u>	<u>          </u>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 15. CONNECTED CHARITIES (continued)

During the year £46k (2020: £46k) in respect of management and administration overheads were allocated to the Charity by Racing Welfare. The Racing Welfare group manages its cash across entities as needed, therefore inter-charity balances are perpetually in existence. During the year the LHA subsidy of £225.2k (2020: £253.0k) was granted by Racing Welfare and paid through the inter-charity account.

During the year total grants of £240.2k (2020: £847.9k) were received from Racing Welfare.

The charity collects rents on behalf of the Rous Charity and pays for shared costs between the two charities. During the year the charity collected rents amounting to £60,913 (2020: £58,769) on behalf of the Rous Charity and received shared costs attributable to the Rous Charity of £38,447 (2020: £22,868), including staff costs of £14,380 (2020: £13,957). During the year the charity paid £47,000 (2020: £122,561) to the Rous Charity in settlement of the inter-charity loan account.

## 16. PARENT AND ULTIMATE CONTROLLING PARTY

The charity's parent undertaking is Racing Welfare, Charity number 1084042, Company registration number 04116279, whose address is the same as Racing Homes and whose charitable objectives are the relief of poverty, sickness, injury and the advancement of education to those employed or formally employed in the racing industry.

The Ultimate Controlling Party is The Jockey Club, Company Registration Number RC000287, governed by Royal Charter, whose address is 75 High Holborn, London, WC1V 6LS by virtue of being the sole member of Racing Welfare.

During the year The Jockey Club provided professional services to the charity, valued at £31k (2020: £5k), free of charge. This has been recognised as a donation in kind and a management cost in the statement of financial activities.

## 17. CONTINGENT LIABILITIES

Social Housing Grant (SHG) is subordinated to the repayment of loans by agreement with the Homes and Communities Agency (HCA). SHG released on sale of a property may be repayable, but is normally available to be recycled and is credited to a recycled capital grant fund and included in the balance sheet within creditors.

SHG is repayable under certain circumstances such as where a property is sold. The SHG at the date of transition to FRS 102 of £397.5k and previously shown as a reduction of the housing property value has, in accordance with the performance model, been written off to reserves.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

## 18. STATEMENT OF FINANCIAL ACTIVITIES DETAIL FOR YEAR ENDED 31ST DECEMBER 2020

	Note	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total funds 2020 £'000
<b>INCOME FROM:</b>				
Donations and legacies		5.0	847.9	852.9
Charitable activities	2	779.6	-	779.6
Investments		0.1	-	0.1
<b>TOTAL INCOME</b>		<b>784.7</b>	<b>847.9</b>	<b>1,632.6</b>
<b>EXPENDITURE ON:</b>				
Charitable activities	4	701.9	209.3	911.2
<b>TOTAL EXPENDITURE</b>		<b>701.9</b>	<b>209.3</b>	<b>911.2</b>
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>82.8</b>	<b>638.6</b>	<b>721.4</b>
Transfers between funds (restated)		183.7	(183.7)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>266.5</b>	<b>454.9</b>	<b>721.4</b>
Balances brought forward 1 January (restated)		3,952.6	7,489.4	11,442.0
Balances carried forward 31 December		<b>4,219.1</b>	<b>7,944.3</b>	<b>12,163.4</b>