

THE RACING FOUNDATION

England & Wales · Charity number 1145297

Details

Status Registered

Legal form Charitable company

Company number [07890908](#)

Registered 2012-01-06

Register [View on the Charity Commission register](#)

Contact

Address c/o British Horseracing Authority
Holborn Gate
26 Southampton Buildings
London
WC2A 1AN

Phone 07709954620

Website www.racingfoundation.co.uk

Activities

Objects: THE OBJECT OF THE CHARITY IS THE ADVANCEMENT FOR THE PUBLIC BENEFIT OF ANY CHARITABLE PURPOSE ASSOCIATED WITH THE HORSE RACING AND THOROUGHBRED BREEDING INDUSTRY OR WITH EQUINE WELFARE, IN EACH CASE BY MAKING GRANTS FOR SUCH CHARITABLE PURPOSE OR PURPOSES.

Activities: GRANTMAKER

Classification

- **How:** Makes Grants To Organisations
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Accommodation/housing, Arts/culture/heritage/science, Amateur Sport, Animals, Environment/conservation/heritage, Recreation
- **Who:** Other Charities Or Voluntary Bodies

Geography

- **Area of benefit:** UNITED KINGDOM
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,824,000	£1,824,000	£90,179,000	4
2023-12-31	£2,102,000	£2,551,000	£84,180,000	4
2022-12-31	£3,663,000	£7,446,000	£80,214,000	4
2021-12-31	£1,669,000	£7,408,000	£94,499,000	3
2020-12-31	£2,121	£4,074,000	£91,783,000	2

Trustees

Name	Role	Appointed
Julia Katharine Budd	Chair	2022-01-08
Alice Rose Page		2022-01-18
Claire Joy Sheppard		2026-01-05
Edward James Algenon Smith-Maxwell		2022-01-08
Hazel Gilchrist Peplinski		2025-06-25
James Boyle		2023-01-01
Linda Jane Bowles		2018-04-10
Rachel Elizabeth Flynn		2026-01-05
Rishi Persad		2023-02-14

Accounts

REGISTERED COMPANY NUMBER: 07890908 (England and Wales)
REGISTERED CHARITY NUMBER: 1145297



**STRATEGIC REPORT, TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024
FOR
THE RACING FOUNDATION**

Xeinadin
12 Conqueror Court
Sittingbourne
ME10 5BH

THE RACING FOUNDATION
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FOR THE YEAR ENDED 31ST DECEMBER 2024

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THE RACING FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31ST DECEMBER 2024

Charity name

The Racing Foundation

Charity registration number

1145297

Company registration number

07890908

Registered address

Holborn Gate,
26 Southampton Buildings
London
WC2A 1AN

Directors and Trustees during the year

Linda Bowles	Senior Independent Director
James Boyle	
Julia Budd	Chair
Susannah Gill	(Term ended 9th April 2024)
Louise Kemble	
Alice Page	
Rishi Persad	
Algy Smith-Maxwell	

Key Management Personnel**Chief Executive Officer**

Tansy Challis

Grants Manager

Stanley Wong

Head of Communications and Events

Rhi Lee-Jones

Independent auditor

Xeinadin
12 Conqueror Court
Sittingbourne
ME10 5BH

Bankers

Weatherbys Bank Ltd
Sanders Road
Wellingborough
Northamptonshire
NN8 4BX

THE RACING FOUNDATION

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

Investment managers

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

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

Jupiter Fund Management plc
The Zig Zag Building
70 Victoria Street
London
SW1E 6SQ

Dimensional Fund Advisors Ltd
20 Triton Street
Regent's Place
London
NW1 3BF

THE RACING FOUNDATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

The Trustees are pleased to present their annual directors report together with the financial statements of the charity for the year ending 31 December 2024 which are also prepared to meet the requirements for directors' report and accounts for companies act purposes.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Government Document

The Racing Foundation was founded by its Members, the British Horseracing Authority, the Racecourse Association and the Thoroughbred 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'). To comply with State Aid rules, it was required to be established as a registered charity with objects to provide funding to charities working in UK Racing.

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. In the event of the company being wound up, Members are required to contribute an amount not exceeding £1. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Racing Foundation amended its Articles of Association in 2019, with approval from the Charities Commission and its Members to allow it to make grants for the furtherance of its purposes to non-charitable bodies providing they are for charitable purposes. Previously it was restricted to giving solely to charities. A further amendment was made in 2021 to increase the maximum number of Trustees to 8.

Trustee Induction and Training

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

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

Related Parties and co-operation with other organisations

The Foundation regularly updates its Members on key issues and independently gathers their feedback. This has included the extension of existing Trustees, the appointment of new Trustees and the development of strategies. The Foundation engages with senior management and staff at the Member organisations to ensure it has a broad understanding of the industry and to provide greater detail and understanding on key issues.

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STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

Pay policy for senior staff

Staff remuneration is reviewed annually at the year-end by the Chair and by another Trustee (and also by the CEO for roles other than her own). During January 2024, Trustees approved an increase in salaries for the year based on cost-of-living factors and a review of previous performance.

Appointment of Trustees

The Members are responsible for agreeing 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 eight persons. Members approve Trustee appointments for terms of up to three years at a time. 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.

Susannah Gill ended her term of office on the 9th April 2024 having served 6 years as Trustee. It was agreed to wait until Q1 of 2025 to appoint her successor following the publication of the Racing Foundation's 2025-2027 strategy and a review of the skill set requirements for a new Trustee to help deliver the strategy.

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 Chief Executive Officer who is supported by a Head of Communications and Events and a Grants Manager. The Head of Communications and Events is supported by a Social Media Officer. These individuals form the key staff for the charity and remuneration is set and reviewed annually by the Trustees.

OBJECTIVES AND ACTIVITIES

The Racing Foundation is an independent grant maker, established in 2012 to receive a Government grant of £78 million as part of the racing industry's fifty percent share of the net proceeds of the sale of the Tote.

The objective 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 for such charitable purpose or purposes.

The Tote sale funds were granted as an expendable endowment and are managed for long term investment to maintain their value in real terms. All income and capital growth, if required, are used to make grants for charitable purposes. Since inception, over £39.7m of grants have been awarded whilst the value of our net funds has been maintained. This means we have been able to balance the requirements of present beneficiaries for immediate support with the need to maintain the value of the capital for future projects and charitable initiatives.

The Racing Foundation has historically set three-year strategy cycles, which are reviewed and updated to reflect our evolution, our role in the sport and the difference we are able to make. At the end 2023, we reviewed the outcomes of our 2021-23 strategy and considered the performance of our strategic plan in the context of the wider industry environment. We also engaged with our stakeholders via an independent third party and took on board their feedback.

THE RACING FOUNDATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

The Racing Foundation's Trustees noted that the outcomes of our 2021-2023 strategy were directly linked to the development, accountability and long-term funding of industry strategies, but that as it was not our role to lead on these, the success of our strategy was intrinsically linked to the performance of others. There were, therefore, factors out of our control that meant the targets set against the overarching outcomes we had hoped to achieve were only partially met. As a result, it was agreed that we would deliver a one-year strategy for 2024 that would represent a slight refresh of the 2021-2023 strategy and that we would then use a full review of the 2021-2023 and 2024 strategies to formulate our 2025-2027 strategy.

As part of the strategy refresh for 2024, we made small updates to our Purpose and Ambition statements; our areas of focus and our approach for 2024. The full 2021-2023 Strategy Review and 2024 Strategy Refresh document can be found on our website; www.racingfoundation.co.uk/about/key-documents

As with previous years, the refresh developed a strategic plan to provide a framework for how the Foundation will operate over the 2024 period in the furtherance of its objects. Our Trustees consider that the funds originally 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 plans, they agreed to continue with an approach that:

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

The Foundation's one-year strategy for 2024 identified a need to build racing's social license and we updated our key areas of focus to more closely reflect this.

Our four key areas of focus were, therefore:

- 1. Racing's People**
- 2. Equine Welfare**
- 3. Youth and Community Engagement**
- 4. Environment**

We feel that addressing issues in these areas is critical to racing's engagement with its people, its horses and its communities. They can positively influence the sport's standing with its communities and politicians at both a local and national level and are important for securing a sustainable future.

Our purpose was revised to:

We will work in partnership with the racing industry to ensure a sustainable future for the sport.

Our ambition statement was revised to:

We will develop understanding and action around the key charitable issues facing racing and to assist the industry with developing a collaborative and strategic response.

Our approach to delivering against our focus areas remained the same as our 2021-2023 strategy, with three elements:

THE RACING FOUNDATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

Build Understanding:

We will build understanding, define progress and measure success across the key areas of activity we will support.

Prompt Collaboration:

We will support those delivering activities we fund with advice, guidance, training and development and promote learning and growth for those delivering racing's future.

Fund Action:

We will provide increased levels of funding and pro-actively work with other funders to leverage additional resources.

The Foundation's activity in 2024 involved:

- Grant and ongoing loan funding
- Supporting the development of industry strategies and the industry's charity sector
- Ensuring delivery of our own processes and governance

Detailed operational plans, budgets and a one-year strategy were approved by Trustees for 2024, against which progress was monitored throughout the year. These plans built on the activity of the 2021-2023 strategy and provided a framework against which performance could be monitored at both an organisational and individual grant level.

Grant Making Policy

The Foundation may only make grants for charitable purposes to charitable organisations which have been established in the UK or to other UK bodies and organisations for charitable purposes.

The Trustees of the Foundation ensure that the funds are applied appropriately for eligible purposes only and are subject to appropriate terms and conditions. To that end, the Trustees set out the areas of focus for giving during the 2024 strategy refresh, which are:

- People: social welfare, training & education and diversity & inclusion
- Equine Welfare: horse welfare, aftercare and equine science research
- Youth and Community Engagement
- Environmental Sustainability

Trustees are therefore, satisfied that the Foundation meets the Charity Commission's public benefit test. Details of the Foundation's achievements and performance in 2024 against the strategic plan are listed below:

Achievements and Performance

The performance of the funds by manager is reported in more detail below:

Following agreement by Trustees that the Foundation would deliver a one-year strategy for 2024, they were provided with quarterly reports to update them on progress being made against the delivery of the strategy refresh. At the end of 2024 they were provided with a review of progress made during the year as well as a wider review of the full 2021-2024 period. The full review document can be found on our website: www.racingfoundation.co.uk/about/key-documents

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STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

The following provides an overview of achievements and performance in 2024 against our key areas of approach:

Fund Action

18 new grants awarded totalling £1,226,296 (gross):

Racing People £379k	(£10.2m awarded during the full 2021-2024 period)
Equine Welfare £521k	(£4.4m awarded during the full 2021-2024 period)
Youth and Community Engagement £326k	(£2.3m awarded during the full 2021-2024 period)
Environment - no new grants	(£304k awarded during the full 2021-2024 period)

7 grants were for in-year delivery; 10 for projects delivered over 2024-2025; and 1 for a project to be delivered during the 2025/6 academic year.

New grants awarded by area of focus were:

Equine Welfare	42%
People	31%
Youth and Community Engagement	27%
Environment	0%

These percentages do not reflect the actual grant payments made during the year (including payments made as multi-year funding commitments from previous year's grant awards).

Total grant expenditure was £1.2m, including the 2024 instalments for previously awarded multi-year grants. This doesn't include adjustments for prior year grants awarded and it doesn't include grants withdrawn in year or the adjustments for prior year grants withdrawn.

Build understanding

- Industry staff recruitment, retention and training survey for studs and stud staff was undertaken at the beginning of 2024.
- Grants were awarded for four research projects - including two equine science research projects in conjunction with the Horserace Betting Levy Board (HBLB); a project investigating the effects of sauna induced weight loss on jockey performance in conjunction with the British Horseracing Authority and Liverpool John Moores University; and an extension of our previous support of the Concussion Foundation looking at the long-term effects of concussion on retired jockeys.
- The annual Racing Foundation Conference was delivered in October 2024: with 304 delegates registered; 100 free charity tickets provided by the Foundation to ensure cost was not a barrier for attendance; and subsidised tickets provided for young people in the early stages of their horseracing careers. Keynote speakers included those from outside of racing, offering insights from other sports and industries, with the most notable speaker being Bob Langert, former Vice President of Corporate Social Responsibility at McDonald's. The conference was delivered as a sustainable event and was used as an opportunity to raise awareness of the Foundation's work.

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FOR THE YEAR ENDED 31ST DECEMBER 2024

- Communications and news outlets saw engagement levels increase over the previous year - the 2023 annual review video (released early 2024) had a 66% increase in views from the previous year. Website visits saw a 43% increase in sessions, the Racing Foundation newsletter a 12% increase in subscribers. With a focus on engaging stakeholders and charities, the LinkedIn account grew dramatically in 2024. It saw a 75% increase in followers and a 246% increase in impressions from the previous year. Instagram, the Foundation's key platform for engaging the next generation of stakeholders, saw a 30% increase in followers and 70% increase in impressions. 2024 saw the comms team create a TikTok account to engage this demographic further, amassing 1093 followers over the year. The Foundation was also featured in 45 pieces of written and broadcast media.

Prompt collaboration

- Foundation staff contributed to 14 racing industry working or steering groups.
- We awarded grants for Equine Science Research projects in collaboration with the HBLB and Gerald Leigh Charitable Trust.
- We awarded grants for community engagement projects in collaboration with the Racing Post and Godolphin.
- We funded projects involving collaboration between industry stakeholders and also projects involving collaboration with non-racing organisations.
- The Foundation's Chief Executive continued to Chair a racing industry grantmakers' network that led to a number of collaborative funding initiatives between members.

Other support

Throughout 2024, the Racing Foundation's Executive Team provided additional, non-financial support for charities. This is sometimes referred to as 'Funder Plus' which is generally thought of as support from funders in addition to the grant-making process. These activities may not have a direct financial value, but they provide additional forms of assistance designed to help charities achieve their goals. During 2024 this included support to enhance the communication capabilities of racing charities and projects; recruitment support for communications and grant-making roles; sharing knowledge and best practise regarding the delivery of more environmentally sustainable events; providing subsidised tickets for industry events for small charities; and providing a management training course aimed at the next generation of leaders, with representatives from 12 racing charities completing the course.

Financial Review

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

The Foundation generated income from donations, grants, bank deposits and investments amounting to £1.8m (2023: £2.1m). Investment gains of £6m (2023: £4.4m) occurred.

Expenditure totalled £1.8m (2023: £2.6m), including grants of £1.2m (2023: £1.8m). This figure represents the value of grants awarded at the date Trustees approved them. Many awards are multi-year in nature despite the full cost being recognised in 2023 and in cash terms will be funded out of future income.

Overall, as at 31 December 2024 the Foundation's net funds stood at £90.1m (2023: £84.2m).

THE RACING FOUNDATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

Reserves Policy and going concern

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

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

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

Investment Policy and Performance

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

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

The Foundation used the services of the following investment managers during the year: James Hambro and Partners, Sarasin and Partners LLP, Jupiter Fund Management and Dimensional Fund Advisors. The performance of these investment managers is closely monitored by the Trustees, with the assistance of a specialist independent investment advisor who also advises Trustees on reviewing and updating the investment policy.

Performance

The overall performance of investment managers exceeded the targets set for the year. Trustees expected performance to reflect a net increase (in capital value and the generation of investment income) of 5.8%. Actual performances were:

Manager	2024 target	2024 actual	Target from inception	Actual from inception
James Hambro	5.8%	10%	77.25%	115.49%
Sarasin	5.8%	9%	56.44%	97.00%
Jupiter	5.8%	-2%	7.21%	-1.74%
Dimensional	5.8%	13%	7.21%	12.90%

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STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

This resulted in a gain on investments of £6m (2023: £4.4m). The Foundation investments are made for the long-term in line with our investment policy, based on the professional advice we source.

Plans for future Periods

Following a review of the 2024 strategy refresh and our 2021-2023 strategy performance, the Foundation's Trustees have agreed a strategic plan for the period 2025 - 2027. A full overview of this strategy can be found on our website: www.racingfoundation.co.uk/about/key-documents but a summary of the key elements is provided below.

Summary of the Racing Foundation's 2025 - 2027 Strategy

Our purpose is:

To work in partnership with the racing industry to help achieve a sustainable future for the sport.

Our ambition is:

To develop understanding and action around the key charitable issues facing racing and to assist the industry with developing a collaborative and strategic response.

Our areas of focus are:

1. Racing's People - welfare, education, training, recruitment and retention
2. Equine welfare - safety, traceability, aftercare and equine science research
3. ESG - environment, social impact, youth & community engagement and accountability

Our approach to delivering against our focus areas is:

- Build Understanding
- Prompt Collaboration
- Fund Action

Our role

As requested by stakeholders, we will maintain our role as an enabler rather than a leader.

We will:

- Continue working closely with industry stakeholders and other grantmakers.
- Support data gathering to inform decision-making.
- Encourage collaboration.
- Encourage the sharing of best-practice.
- Encourage the setting of impact measures and accountability.
- Consider supporting projects where potential benefits are scalable and wider reaching.

Our annual budget

We will remain flexible and agile in our endeavours to balance the requirements of present beneficiaries for immediate support with the need to maintain the value of our endowment to support future projects, charitable initiatives and respond to emerging issues faced by the industry. During the 2025-27 strategy, our annual budget for grantmaking and other charitable expenditure will be based on the market performance of our investments, although this may be reviewed and adjusted at the discretion of our Trustees.

THE RACING FOUNDATION

STRATEGIC REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2024

A detailed operational plan and budget has been approved by Trustees for 2025 and performance will be reviewed at the end of the year to enable us to amend our strategy and set a detailed operational plan and budget for 2026. In undertaking the activities identified in the business plan the Foundation will support the delivery of the outcomes identified in its strategy and in doing so will be delivering against its purpose.

Principal Risks and Uncertainties

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

Risk description	Risk mitigation
Stock market volatility: Market volatility may impact upon both levels of investment income generated and the real value of the funds held.	The Trustees have consulted widely and taken advice during the year on their investment policy and approach. Whilst no serious concerns were raised for the short-term, it was agreed to take some actions to mitigate future risk. As a result, an Investment Committee has been set up comprising the Chair, two Trustees with investment management expertise and the CEO. This Committee conducted an investment governance review, produced an Endowment Governance Policy and revised the role description for an investment consultant to support Trustees with the management of the endowment. At the end of 2024 a tender process was commenced to appoint a new investment consultant with interviews scheduled for January 2025 and a new appointment to be made in February 2025. The new consultant will be tasked with developing, implementing and monitor the Foundation's Investment Policy, including providing advice on strategic and tactical asset allocation, portfolio structure, performance benchmarks and investment manager selection.
Lack of continuity and infrastructure: The need to replace Trustees and the small staff numbers threaten continuity.	At the beginning of 2024, a new agreement with accountants, SBCA, was implemented to mitigate risks linked to the Foundation preparing its accounts internally and to add an additional layer of scrutiny. This also mitigated the risk of appointing a CEO with no accountancy background. SBCA now operate as a virtual financial officer and also provide direct support with the Foundation's audit. An additional staffing resource was used to support the commis and events team during the year, including with the delivery of the Racing Foundation conference. No need was identified to increase the number of full-time staff or infrastructure. Susannah Gill ended her term as a Trustee on the 9th April 2024 having served 6 years as Trustee. It was agreed to wait until Q1 of 2025 to appoint her successor following the publication of the Racing Foundation's 2025-2027 strategy and a review of the skill set requirements for a new Trustee to help deliver the strategy. In the meantime, three Trustees, including the Chair, whose terms were due to end in January 2025 agreed, at the end of 2024, to extend their terms to ensure continuity on the Board. As a result no risk was identified in waiting to recruit an eighth Trustee in Q1 of 2025.

THE RACING FOUNDATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

Industry alignment: The Trustees decisions on priorities for use of the funds may be questioned by industry stakeholders.	The Trustees and staff continue to engage widely with stakeholders to inform activities and strategy. The Foundation adopts an approach that sees it align clearly with industry issues and champion industry strategies. During 2024 the Foundation worked closely with the Industry Programme Group (IPG) and continued to liaise with other funders, including the HBLB.
IT fraud, cyber-attack: The general levels of IT fraud have escalated however no attacks have taken place in year.	The Trustees are satisfied that the current procedures protect them as far as is reasonable and no serious threat has been identified as requiring action.
Reputational risk Issues raised about the Foundation or the projects/charities we support could reduce the impact of our giving.	Any issues raised about the Foundation's work or the projects that are being supported are investigated and addressed in a timely manner to mitigate the risk of escalation. Trustees are made aware of all risks via a quarterly Executive Report produced by the CEO, which includes a risk register to summarise how any issues are being addressed and provides subsequent updates.

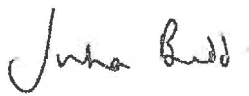
THE RACING FOUNDATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

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

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

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

Approved by order of the board of trustees on 4th June 2025 and signed on its behalf by:



.....
Mrs J K Budd – Chair of the Board of Trustees

THE RACING FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st December 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Investment policy

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Racing Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE RACING FOUNDATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware;
and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Xeinadin, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 4th June 2025 and signed on its behalf by:



.....
Mrs J K Budd – Chair of the Board of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE RACING FOUNDATION

Opinion

We have audited the financial statements of The Racing Foundation (the 'charitable company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Auditors' 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE RACING FOUNDATION

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Report of the Trustees.

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, the trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE RACING FOUNDATION

Our 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 a Report of the Independent Auditors 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 our procedures are capable of detecting irregularities, including fraud is detailed below:

Our objectives in performing the audit are to identify and assess the risk of material misstatement in the financial statements due to fraud or error and to obtain sufficient audit evidence to support this. We also evaluate and respond to the risk of material misstatements.

Audit procedures performed by the engagement team included:

- Understanding the entity's current activities, assets and liabilities and comparing these to the charitable objectives and aims.
- Enquiring of management and those charged with governance as to any known or suspected instances of non-compliance with laws and regulations, including fraud.
- Obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework.
- Evaluating the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.
- Confirmations from management and those charged with governance as regards related parties.
- Gaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Assessing the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees, whilst challenging assumptions made by those charged with governance in the course of accounting estimates.
- Identifying and testing manual journal entries.
- Reading minutes of meetings of those charged with governance.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE RACING FOUNDATION**

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Rosanna Turner ACA DChA (Senior Statutory Auditor)
for and on behalf of Xeinadin
12 Conqueror Court
Sittingbourne
ME10 5BH

Date: 4 June 2025

THE RACING FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2024**

		Unrestricted funds £'000	Endowment fund £'000	31.12.24 Total funds £'000	31.12.23 Total funds £'000
	Notes				
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	170	-	170	22
Investment income	3	1,654	-	1,654	2,081
Total		1,824	-	1,824	2,103
 EXPENDITURE ON					
Raising funds	4	-	161	161	131
Charitable activities	5				
Support costs		468	-	468	581
Grants payable		1,174	-	1,174	1,820
Governance - Trustee expenses		-	-	-	1
Governance - Auditor's fee		21	-	21	20
Total		1,663	161	1,824	2,553
 Net gains on investments		798	5,202	6,000	4,415
 NET INCOME		959	5,041	6,000	3,965
 RECONCILIATION OF FUNDS					
Total funds brought forward		2,341	81,838	84,179	80,214
 TOTAL FUNDS CARRIED FORWARD		3,300	86,879	90,179	84,179

The notes form part of these financial statements

THE RACING FOUNDATION

**BALANCE SHEET
31ST DECEMBER 2024**

	Notes	Unrestricted funds £'000	Endowment fund £'000	31.12.24 Total funds £'000	31.12.23 Total funds £'000
FIXED ASSETS					
Tangible assets	12	2	-	2	2
Investments	13	<u>3,215</u>	<u>79,979</u>	<u>83,194</u>	<u>78,674</u>
		3,217	79,979	83,196	78,676
CURRENT ASSETS					
Debtors	14	388	6,000	6,388	7,951
Cash at bank		<u>2,830</u>	<u>900</u>	<u>3,730</u>	<u>2,306</u>
		3,218	6,900	10,118	10,257
CREDITORS					
Amounts falling due within one year	15	<u>(1,964)</u>	-	<u>(1,964)</u>	<u>(3,063)</u>
NET CURRENT ASSETS		<u>1,254</u>	<u>6,900</u>	<u>8,154</u>	<u>7,194</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,471	86,879	91,350	85,870
CREDITORS					
Amounts falling due after more than one year	16	<u>(1,171)</u>	-	<u>(1,171)</u>	<u>(1,691)</u>
NET ASSETS		<u>3,300</u>	<u>86,879</u>	<u>90,179</u>	<u>84,179</u>
FUNDS	17				
Unrestricted funds				3,300	2,341
Endowment funds				<u>86,879</u>	<u>81,838</u>
TOTAL FUNDS				<u>90,179</u>	<u>84,179</u>

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
J K Budd - Trustee

The notes form part of these financial statements

THE RACING FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	31.12.24 £'000	31.12.23 £'000
Cash flows from operating activities			
Cash generated from operations	1	<u>(174)</u>	<u>(10,219)</u>
Net cash used in operating activities		<u>(174)</u>	<u>(10,219)</u>
Cash flows from investing activities			
Purchase of fixed asset investments		<u>(10,319)</u>	<u>(32,418)</u>
Sale of fixed asset investments		<u>11,799</u>	<u>31,153</u>
Interest received		<u>277</u>	<u>370</u>
Net cash provided by/(used in) investing activities		<u>1,757</u>	<u>(895)</u>
Cash flows from financing activities			
Income attributable to endowment		-	275
Expenditure attributable to endowment		<u>(161)</u>	<u>(131)</u>
Net cash (used in)/provided by financing activities		<u>(161)</u>	<u>144</u>
Change in cash and cash equivalents			
In the reporting period		1,422	(10,970)
Cash and cash equivalents at the beginning of the reporting period		<u>2,306</u>	<u>13,276</u>
Cash and cash equivalents at the end of the reporting period		<u>3,730</u>	<u>2,306</u>

The notes form part of these financial statements

THE RACING FOUNDATION
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2024

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.12.24	31.12.23
	£'000	£'000
Net income for the reporting period (as per the Statement of Financial Activities)	6,000	3,965
Adjustments for:		
Depreciation charges	1	-
Gain on investments	(6,000)	(4,415)
Interest received	(277)	(370)
Income attributable to endowment	-	(275)
Expenditure attributable to endowment	161	131
Decrease/(increase) in debtors	1,564	(7,751)
Decrease in creditors	<u>(1,623)</u>	<u>(1,504)</u>
Net cash used in operations	<u>(174)</u>	<u>(10,219)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.24	Cash flow	At 31.12.24
	£'000	£'000	£'000
Net cash			
Cash at bank	<u>2,306</u>	<u>1,424</u>	<u>3,730</u>
	<u>2,306</u>	<u>1,424</u>	<u>3,730</u>
Total	<u>2,306</u>	<u>1,424</u>	<u>3,730</u>

The notes form part of these financial statements

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The key accounting estimates made by the trustees in preparing these financial statements is in respect of depreciation as detailed in the accounting policies.

Incoming resources

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

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

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

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

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

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2024

1. ACCOUNTING POLICIES - continued

Incoming resources

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

Expenditure and liabilities

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

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

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

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

Cash at bank and in hand

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

Financial instruments

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

Investment policy

The investment policy applies to all monies held within the expendable endowment fund and the designated fund.

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

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2024

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

Office equipment over 4 years

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

Funds

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

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

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at settlement value.

THE RACING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024**

2. DONATIONS AND LEGACIES

	31.12.24	31.12.23
	£'000	£'000
Donations	160	10
Conference Income	<u>10</u>	<u>12</u>
	<u>170</u>	<u>22</u>

3. INVESTMENT INCOME

	31.12.24	31.12.23
	£'000	£'000
Dividends receivable	1,377	1,711
Bank interest	31	95
Other Interest	<u>246</u>	<u>275</u>
	<u>1,654</u>	<u>2,081</u>

4. RAISING FUNDS

Investment management costs

	31.12.24	31.12.23
	£'000	£'000
Investment management fees	113	102
Investment advice	<u>48</u>	<u>29</u>
	<u>161</u>	<u>131</u>

5. CHARITABLE ACTIVITIES COSTS

	Grant funding of activities (see note 6) £'000	Support costs (see note 7) £'000	Totals £'000
Support costs	-	468	468
Grants payable	1,174	-	1,174
Governance - Auditor's fee	<u>-</u>	<u>21</u>	<u>21</u>
	<u>1,174</u>	<u>489</u>	<u>1,663</u>

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

6. GRANTS PAYABLE

	31.12.24	31.12.23
	£'000	£'000
Grants payable	<u>1,174</u>	<u>1,820</u>

THE RACING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024**

6. GRANTS PAYABLE - continued

Community Engagement:

	31.12.24	31.12.23
	£'000	£'000
Apiafi Associates	16	46
Great British Racing	-	100
British Horseracing Authority	-	107
Greatwood Charity	-	20
Racing to School	19	18
Jo Foster Racing	20	20
National Horseracing Museum	60	53
Racing Together	-	19
Autism in Racing	19	-
The Racing Centre	36	-
The Urban Equestrian Academy	44	-
Riding A Dream Academy	112	-
	<u>326</u>	<u>383</u>

People:

British Horseracing Authority	85	53
The British Racing School	-	24
Industry People Board	122	153
Durham University	-	84
Urban Equestrian Academy	-	20
Women in Racing	117	64
National Association of Racing Staff	-	35
National Horseracing College	-	98
The Concussion Foundation	20	30
Scottish Racing	-	319
Newmarket Charitable Foundation	35	-
	<u>379</u>	<u>880</u>

Equine:

Horserace Betting Levy Board	200	113
Retraining of Racehorses	321	-
Horse Welfare Board	-	87
	<u>521</u>	<u>200</u>

THE RACING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024**

**6. GRANTS PAYABLE - continued
Environment and Emerging Issues:**

British Horseracing Authority	-	124
Jockey Club	-	25
Stable Carbon Ltd	-	30
World Horse Welfare	-	80
The British Racing School	-	11
	-	<u>270</u>

Adjustments to the current year grant expenditure in relation to prior year grants awarded:

- 214

Total grant expenditure **1,226** **1,947**

Grants reduced/withdrawn:

People:

Racing Welfare	-	(78)
University of Liverpool	-	(20)
National Horseracing College	-	(10)
Durham University	(10)	-
Imperial College London	(10)	-
University of Exeter	(9)	-
	<u>(29)</u>	<u>(108)</u>

Equine:

Horse Welfare Board	-	(87)
Horserace Betting Levy Board	(11)	-
	<u>(11)</u>	<u>(87)</u>

Community Engagement:

Future Proof	(12)	-
	<u>(12)</u>	-

Adjustments to the current year grant expenditure in relation to prior year grants withdrawn:

- 68

Net grant expenditure **1,174** **1,820**

THE RACING FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024**

6. GRANTS PAYABLE - continued

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

7. SUPPORT COSTS

	Management £'000	Finance £'000	Information technology £'000
Support costs	297	6	69
Governance - Auditor's fee	-	-	-
	<u>297</u>	<u>6</u>	<u>69</u>
		Governance costs £'000	Totals £'000
Support costs	75	21	468
Governance - Auditor's fee	-	21	21
	<u>75</u>	<u>42</u>	<u>489</u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.12.24	31.12.23
	£'000	£'000
The auditing of accounts of any associate of the charity	21	20
Other operating leases	<u>5</u>	<u>15</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2024 nor for the year ended 31st December 2023.

THE RACING FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

9. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

Trustee's expenses of £365 (2023: £600) are included in charitable activities. Expenses were reimbursed to 3 trustees (2023: 5).

10. STAFF COSTS

	31.12.24	31.12.23
	£'000	£'000
Wages and salaries	230	239
Social security costs	22	22
Other pension costs	27	22
	<u>279</u>	<u>283</u>

The average monthly number of employees during the year was as follows:

	31.12.24	31.12.23
	4	5
Employees	<u>4</u>	<u>5</u>

Key management personnel incurred total remuneration costs of £202k during the year (2023: £182k).

1 employee earned between £95-100k during the period (2023: 1 - £90-95k).

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £'000	Endowment fund £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM			
Donations and legacies	22	-	22
Investment income	<u>1,806</u>	<u>275</u>	<u>2,081</u>
Total	<u>1,828</u>	<u>275</u>	<u>2,103</u>
EXPENDITURE ON			
Raising funds	-	131	131
Charitable activities			
Support costs	581	-	581
Grants payable	1,820	-	1,820
Governance - Trustee expenses	1	-	1
Governance - Auditor's fee	20	-	20

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £'000	Endowment fund £'000	Total funds £'000
Total	<u>2,422</u>	<u>131</u>	<u>2,553</u>
Net gains on investments	<u>587</u>	<u>3,828</u>	<u>4,415</u>
NET INCOME/(EXPENDITURE)	(7)	3,972	3,965
RECONCILIATION OF FUNDS			
Total funds brought forward	2,348	77,866	80,214
TOTAL FUNDS CARRIED FORWARD	<u>2,341</u>	<u>81,838</u>	<u>84,179</u>

12. TANGIBLE FIXED ASSETS

	Computer equipment £'000
COST	
At 1st January 2024 and 31st December 2024	<u>15</u>
DEPRECIATION	
At 1st January 2024	14
Eliminated on disposal	<u>(1)</u>
At 31st December 2024	<u>13</u>
NET BOOK VALUE	
At 31st December 2024	<u>2</u>
At 31st December 2023	<u>1</u>

THE RACING FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

13. FIXED ASSET INVESTMENTS

	Listed investments £'000
MARKET VALUE	
At 1st January 2024	78,674
Additions	10,319
Disposals	(11,799)
Revaluations	<u>6,000</u>
At 31st December 2024	<u>83,194</u>
NET BOOK VALUE	
At 31st December 2024	<u>83,194</u>
At 31st December 2023	<u>78,674</u>

All investments held by the Foundation are registered on recognised UK, USA and International stock exchanges.

The market value of fixed asset investments at the year-end date is £83,193k (2023: £78,676k). The historical cost of fixed asset investments is £67,095k.

14. DEBTORS

	31.12.24 £'000	31.12.23 £'000
Other debtors	1,570	1,530
Prepayments & Accrued Income	<u>228</u>	<u>275</u>
	<u>1,798</u>	<u>1,805</u>
Amounts falling due after more than one year:		
Other debtors	<u>4,590</u>	<u>6,146</u>
Aggregate amounts	<u>6,388</u>	<u>7,951</u>

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.24	31.12.23
	£'000	£'000
Grant Commitments < 1 Year	1,888	2,990
Social security and other taxes	-	4
Other creditors	15	-
Accrued expenses	<u>61</u>	<u>69</u>
	<u>1,964</u>	<u>3,063</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.24	31.12.23
	£'000	£'000
Grant commitments > 1 year	<u>1,171</u>	<u>1,691</u>

17. MOVEMENT IN FUNDS

	At 1.1.24	Net movement	At
	£'000	in funds	31.12.24
	£'000	£'000	£'000
Unrestricted funds			
General fund	2,341	959	3,300
Endowment funds			
Expendable endowment	81,838	5,041	86,879
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>84,179</u>	<u>6,000</u>	<u>90,179</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Gains and losses	Movement in funds
	£'000	£'000	£'000	£'000
Unrestricted funds				
General fund	1,824	(1,663)	798	959
Endowment funds				
Expendable endowment	-	(161)	5,202	5,041
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>1,824</u>	<u>(1,824)</u>	<u>6,000</u>	<u>6,000</u>

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

17. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.1.23 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.12.23 £'000
Unrestricted funds				
General fund	(9,794)	(7)	12,142	2,341
Designated	<u>12,142</u>	<u>-</u>	<u>(12,142)</u>	<u>-</u>
	2,348	(7)	-	2,341
Endowment funds				
Expendable endowment	<u>77,866</u>	<u>3,972</u>	<u>-</u>	<u>81,838</u>
TOTAL FUNDS	<u>80,214</u>	<u>3,965</u>	<u>-</u>	<u>84,179</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	1,828	(2,422)	587	(7)
Endowment funds				
Expendable endowment	<u>275</u>	<u>(131)</u>	<u>3,828</u>	<u>3,972</u>
TOTAL FUNDS	<u>2,103</u>	<u>(2,553)</u>	<u>4,415</u>	<u>3,965</u>

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2024

17. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.23 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.12.24 £'000
Unrestricted funds				
General fund	(9,794)	952	12,142	3,300
Designated	<u>12,142</u>	<u>-</u>	<u>(12,142)</u>	<u>-</u>
	2,348	952	-	3,300
Endowment funds				
Expendable endowment	<u>77,866</u>	<u>9,013</u>	<u>-</u>	<u>86,879</u>
TOTAL FUNDS	<u>80,214</u>	<u>9,965</u>	<u>-</u>	<u>90,179</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	3,652	(4,085)	1,385	952
Endowment funds				
Expendable endowment	<u>275</u>	<u>(292)</u>	<u>9,030</u>	<u>9,013</u>
TOTAL FUNDS	<u>3,927</u>	<u>(4,377)</u>	<u>10,415</u>	<u>9,965</u>

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2024

18. RELATED PARTY DISCLOSURES

Grants

During the year, no grants were awarded to the Jockey Club (2023: £25k). Julia Budd was Chair and a Trustee of the Racing Foundation and Member of the Jockey Club during the year, Rishi Persad was a Trustee of the Racing Foundation and a Member of the Jockey Club during the year. At the year end the balance due to the Jockey Club was £0 (2023: £0).

During the year, no grants were awarded to the British Racing School (2023: £36k), although one grant of £112k was made to the Riding A Dream Academy (2023: £0), which is now part of the British Racing School. Julia Budd was Chair and a Trustee of the Racing Foundation and Chair and a Trustee of the British Racing School during the year. At the year end the balance due to the British Racing School was £0k (2023: £28k) and the balance due to the Riding A Dream Academy (including prior year grant commitments) was £185k.

During the year, one grant of £19k was made to Racing to School (2023: £18k). Susannah Gill was a Trustee of the Racing Foundation until 9th April 2024 and an Ambassador for Racing to School during the year, although the grant award was made after she had resigned as a Racing Foundation Trustee. At the year end the balance due to Racing to School was £0.

During the year no grants (2023: £0) were made to the Thoroughbred Breeders Association, no grants (2023: £0) to the National Trainers Federation, no grants (2023: £0) to The Professional Jockeys Association and no grants (2023: £35k) to the National Association of Racing Staff. All these bodies are Members of the Thoroughbred Group, who are one of the three Members of the Racing Foundation. At the year end the balance due to the Thoroughbred Breeders Association was £55k (2023: £144k) and the National Association of Racing Staff was £0 (2023: £35k).

During the year, one grant of £85k (2023: £284k) was made to the British Horseracing Authority, (BHA). The BHA is one of the three Members of the Racing Foundation. At the year end the balance due to the BHA was £79k (2023: £237k).

Other payments

During the year, £1,162 was paid to the British Racing School for room hire and catering costs for Racing Foundation meetings and events. Julia Budd was Chair and a Trustee of the Racing Foundation and Chair and a Trustee of the British Racing School during the year.

During the year, £1,000 was paid to Racing to School as a bursary to subsidise the cost of tickets for small charities attending the Racing to School/Racing Together 'Industry Day' community engagement conference. Susannah Gill was a Trustee of the Racing Foundation until 9th April 2024 and an Ambassador for Racing to School during the year.

During the year, £260 was paid to the Thoroughbred Breeders Association (TBA) to cover the expenses for guest speakers at the Racing Foundation conference. The TBA is a member of the Thoroughbred Group, which is one of the three Members of the Racing Foundation.

THE RACING FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31ST DECEMBER 2024

18. RELATED PARTY DISCLOSURES - continued

During the year, £189 was paid to the Racehorse Owners Association (ROA) to cover the expenses for guest speakers at the Racing Foundation conference. The ROA is a member of the Thoroughbred Group, which is one of the three Members of the Racing Foundation.

During the year, £601 was paid to Russell Reynolds Associates, to cover catering costs for Racing Foundation events and meetings held at the company's offices. Meeting rooms were provided free of charge. Julia Budd was Chair and a Trustee of the Racing Foundation and a Partner at Russell Reynolds Associates during the year.

Accounts

THE RACING FOUNDATION

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Charity Registration Number: 1145297
Company Registration Number: 07890908

THE RACING FOUNDATION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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THE RACING FOUNDATION

REFERENCE AND ADMINISTRATION DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2023

Charity name

The Racing Foundation

Charity registration number

1145297

Company registration number

07890908

Registered address

Holborn Gate,
26 Southampton Buildings
London
WC2A 1AN

Directors and Trustees during the year

Linda Bowles	Senior Independent Director
James Boyle	(Term commenced 1 st January 2023)
Julia Budd	Chair
Susannah Gill	(Term ended 9 th April 2024)
Louise Kemble	
Alice Page	
Rishi Persad	(Term commenced 14 th February 2023)
Algy Smith-Maxwell	

Key Management Personnel**Chief Executive Officer**

Rob Hezel	(Position ended 31 st August 2023)
Tansy Challis	(Position commenced 1 st September 2023)

Grants Manager

Tansy Challis	(Position ended 31 st August 2023)
Stanley Wong	(Position commenced 1 st November 2023)

Head of Communications and Events

Rhi Lee-Jones

Independent auditor

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

Bankers

Weatherbys Bank Ltd
Sanders Road
Wellingborough
Northamptonshire
NN8 4BX

Investment managers

Cazenove Capital Management	James Hambro & Partners	Sarasin & Partners LLP	Jupiter Fund Management plc	Dimensional Fund Advisors Ltd
12 Moorgate	Ryder Court	Juxon House	The Zig Zag Building	20 Triton Street
London	14 Ryder Street	100 St Paul's Churchyard	70 Victoria Street	Regent's Place
EC2R 6DA	London	London	London	London
(Investment ended 16 th October 2023)	SW1Y 6QB	EC4M 8BU	SW1E 6SQ	NW1 3BF
			(Investment commenced 16 th October 2023)	(Investment commenced 16 th October 2023)

THE RACING FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2023 which are also prepared to meet the requirements for directors' report and accounts for companies act purposes.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Racing Foundation was founded by its Members, the British Horseracing Authority, the Racecourse Association and the Thoroughbred 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'). To comply with State Aid rules, it was required to be established as a registered charity with objects to provide funding to charities working in UK Racing.

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. In the event of the company being wound up, Members are required to contribute an amount not exceeding £1. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Racing Foundation amended its Articles of Association in 2019, with approval from the Charities Commission and its Members to allow it to make grants for the furtherance of its purposes to non-charitable bodies providing they are for charitable purposes. Previously it was restricted to giving solely to charities. A further amendment was made in 2021 to increase the maximum number of Trustees to 8.

Trustee Induction and Training

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

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

Related Parties and co-operation with other organisations

The Foundation regularly updates its Members on key issues and independently gathers their feedback. This has included the extension of existing Trustees, the appointment of new Trustees and the development of strategy. The Foundation engages with senior management and staff at the Member organisations to ensure it has a broad understanding of the industry and to provide greater detail and understanding on key issues.

Pay policy for senior staff

Staff remuneration is reviewed annually at the year-end by the Chair and by another Trustee (and also by the CEO for roles other than her own). During January 2023 Trustees approved an increase in salaries for the year based on cost-of-living factors and a review of previous performance.

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 eight 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.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Mark Johnston ended his term of office on the 31st December 2022 having served six years as Trustee. James Boyle was appointed to replace him on the 1st January 2023. Rishi Persad was also appointed as a Trustee on the 14th February 2023. It was agreed in 2023 that a Senior Independent Director (SID) role should be created at the Racing Foundation to ensure continuity on the Board. Linda Bowles was appointed in this newly formed role on 1st June 2023.

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 Chief Executive Officer who is supported by a Head of Communications and Events and a Grants Manager. The Head of Communications and Events is supported by a Social Media Officer. These individuals form the key staff for the charity and remuneration is set and reviewed annually by the Trustees.

OBJECTIVES AND ACTIVITIES

The objects of the charity are:

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

In furtherance of these objects, the Trustees developed a strategic plan which provides a framework for how the Foundation will operate over the period 2021-2023. 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 plans, the Trustees agreed to take an approach that:

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

2023 was the third year of implementation of the Foundation's strategy for 2021-2023, which committed the Foundation to support the areas of the sport that are charitable in their nature and the areas that can provide the basis for creating a stronger, fairer, more diverse and more sustainable horseracing and breeding industry in the future. The Foundation intends to increase engagement with its stakeholders, to be more transparent about its results, become more active in ensuring the delivery of funded projects and activities and to continue to work flexibly with other funders to provide finance.

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

The Foundation's purpose is defined in the 2021-23 strategy as:

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

The Foundation's ambitions are to:

- Drive an industry people strategy to attract, develop and retain more staff.
- Support the industry's equine agenda on welfare and research.
- Support the sport to deliver an enhanced programme of community engagement.
- Increase awareness of environmental and other emerging issues.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Foundation's activity in 2023 involved:

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

STRATEGIC REPORT

It was a challenging year for our investments with high inflation and market volatility meaning the amount we paid out in grants exceeded the value of the income from our investments. Trustees previously committed to maintaining the real value of the endowment but recognised there may be a need to draw down on investments to cover short-term grant-making commitments. As a result, they had withdrawn £9m to support spending through the next strategy period to 2026. The performance of the funds by manager is reported in more detail below.

Trustees are provided with a quarterly strategy dashboard and a timeline document to update them on progress with the delivery of the strategy, and at the end of 2023 were provided with a final end of the 2021-23 strategy review. Both Trustees and staff are pleased with the progress made over the course of the three years in the delivery of the 2021-2023 strategy, whilst acknowledging that success of outcomes was directly linked to the development of industry strategies. As it is not our role to lead on these, the success of our 2021-23 strategy is intrinsically linked to the performance of others. There are, therefore, factors out of our control that mean the targets set against the overarching outcomes we had hoped to achieve were only partially met (ranging from 33% – 75% between our key areas of focus). However, it was agreed that this was not a full reflection of the progress that had been made. Whilst industry strategies are taking longer than originally anticipated to be developed and thus against which to target and measure the impact of our funding, we have noticed a desire among industry stakeholders to work in a more collaborative and strategic manner and an appetite to drive change. We see this as hugely positive and feel that by the end of 2024 we will have a better overview of the development, implementation and performance of industry strategies in our key areas of focus and we will be better able to measure the outcomes and impact of our giving. As a result, it has been agreed that we will deliver a one-year strategy for 2024 that will represent a slight refresh of the 2021-2023 strategy and that we will then use a full review of the 2021-2023 and 2024 strategies to formulate our 2025-2027 strategy.

Grant Making Policy

The Foundation may only make grants for charitable purposes to charitable organisations which have been established in the UK or to other UK bodies and organisations for charitable purposes.

The Trustees of the Foundation ensure that the funds are applied appropriately for eligible purposes only and are subject to appropriate terms and conditions. To that end, the Trustees set out the areas of focus for giving during the 2021-23 strategy, which are:

- People: social welfare, training & education and diversity & inclusion
- Equine: horse welfare and equine science research
- Community Engagement
- Environmental sustainability and emerging issues

Trustees are therefore, satisfied that the Foundation meets the Charity Commission's public benefit test. Details of the Foundation's achievements and performance in 2023 against the 2021-2023 strategic plan are listed below:

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

STRATEGIC REPORT (continued)

Achievements and Performance

The Foundation has developed an approach to the delivery of its strategy that:

- Builds understanding
- Prompts collaboration
- Funds action

Achievement and performance in 2023 is highlighted against each aspect of the approach in a strategy dashboard which is shared with both Trustees and external stakeholders.

Build understanding

- Industry staff recruitment, retention and training survey was undertaken at the end of 2023.
- The annual Horseracing Industry Conference was delivered in October 2023. The audience grew by 11% over the year before and it was delivered as racing's first carbon neutral conference. 23% of attendees rated it as excellent and 64% as very good, with 47% citing they would take action in the area of environmental sustainability following the conference.
- Communications and news outlets saw engagement levels increase over the previous year - Twitter 10%, Instagram 30%, website 11%, LinkedIn 122% and newsletter 10%.
- The Foundation was featured in 55 pieces of written and broadcast media.

Prompt collaboration

- Foundation staff contributed to 14 industry working or steering groups.
- Staff also contributed to and or instigated 12 learning activities.
- The grantmakers' network evolved and was further developed, Chaired by the Foundation's Head of Grants.
- The Foundation's communications team provided communications and events strategy guidance and operational support to beneficiaries.

Fund action

- 39 grant applications received.
- 28 grants awarded and 1 loan.
- Total amount awarded £9,233,067 (gross) including £7.5m loan to HBLB for the Weighing Room Loan Scheme.
- Match-funding: £532,230 from applicant pledges and £867,928 from other funders; total was £1,400,158 (excluding the loan).
- 3 research projects funded.
- 10 grants were for in-year delivery; 16 for projects delivered over 2022-2023; and 1 for a period of 3-5 years.
- The loan was awarded for repayment over 5 years.

New grants awarded by area of focus were:

People	51%
Community Engagement	22%
Environment and Emerging Issues	16%
Equine Welfare	11%

These percentages do not reflect the actual grant payments made during the year (including payments made as multi-year funding commitments from previous year's grant awards). For example they show limited allocation of new grants for equine welfare due to £1m per year previously awarded to the Horse Welfare Board in 2022 for 2022-2025.

This also doesn't include the adjustments for prior year grants awarded and it doesn't include grants withdrawn in year or the adjustments for prior year grants withdrawn. Further details of grants and strategy documents are available at www.racingfoundation.co.uk

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

STRATEGIC REPORT (continued)

Financial Review

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

The Foundation generated income from donations, grants, bank deposits and investments amounting to £2.1m (2022: £3.7m). Investment gains of £4.4m (2022: £10.5m loss) occurred.

Expenditure totalled £2.6m (2022: £7.4m), including grants of £1.8m (2022: £6.7m). This figure represents the value of grants awarded at the date Trustees approved them. Many awards are multi-year in nature despite the full cost being recognised in 2023 and in cash terms will be funded out of future income.

Overall, as at 31 December 2023 the Foundation's net funds stood at £84.2m (2022: £80.2m).

Reserves Policy and going concern

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

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

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

Investment Policy and Performance

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

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

The Foundation used the services of the following investment managers during the year: Cazenove Capital Management, James Hambro and Partners, Sarasin and Partners LLP, Jupiter Fund Management and Dimensional Fund Advisors. The performance of these investment managers is closely monitored by the Trustees, with the assistance of a specialist independent investment advisor who also advises Trustees on reviewing and updating the investment policy. The Foundation ceased to use the services of Cazenove Capital Management in October 2023.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

STRATEGIC REPORT (continued)

Performance

The overall performance of investment managers fell below the targets set for the year. Trustees expected performance to reflect a net increase (in capital value and the generation of investment income) of CPI plus 3% which equated to 7% in 2023. Actual performances were:

Manager	2023 target	2023 actual	Target from inception	Actual from inception
James Hambro	7%	6%	75%	104.6%
Cazenove	7%	N/A	75%	N/A
Sarasin	7%	10%	54.8%	89.3%
Jupiter	N/A	N/A	7%	N/A
Dimensional	N/A	N/A	7%	N/A

This resulted in a gain on investments of £4.4m (2022: £10.5m loss). The Foundation investments are made for the long-term in line with our investment policy, based on the professional advice we source. It is inevitable that market fluctuations will have an adverse impact on the value of our investments at certain times and this combined with the high rate of inflation in the year made the historical target unachievable.

Plans for future Periods

The Foundation's one-year strategy for 2024 identifies four revised key areas of focus: people welfare, equine welfare, youth and community engagement and the environment. Addressing issues in these areas is critical to racing's engagement with its people, its horses and its communities. The strategy also identifies the need to build on racing's social license and continues to emphasise the importance of diversity and inclusion, all of which apply to our four areas of focus. They can positively influence the sport's standing with its communities and politicians at both a local and national level and are important for securing a sustainable future.

Our purpose has been revised to:

We will work in partnership with the racing industry to ensure a sustainable future for the sport.

Our ambition statement has been revised to:

We will develop understanding and action around the key charitable issues facing racing and to assist the industry with developing a collaborative and strategic response.

The approach to be adopted remains the same as our 2021-23 strategy:

Build Understanding: We will build understanding, define progress and measure success across the key areas of activity we will support.

Prompt Collaboration: We will support those delivering activities we fund with advice, guidance, training and development and promote learning and growth for those delivering racing's future.

Fund Action: We will provide increased levels of funding and pro-actively work with other funders to leverage additional resources.

Detailed operational plans, budgets and a one-year strategy have been approved by Trustees for 2024. These plans build on the activity of the 2021-2023 strategy and provide a framework against which performance can be monitored at both an organisational and individual level. A key item to be delivered in 2024 will be the agreement and publication of the next 3-year strategy for the Foundation (2025-27). Trustees feel it is important to undertake a full review of our priorities,

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

STRATEGIC REPORT (continued)

ambition, activities and impact. As a result of this, and taking on board ongoing stakeholder feedback, we have identified a number of things to consider and address during 2024 to help inform our 2025-2027 strategy. These will all be considered within the context of several fundamental questions regarding our objectives; our approach; the outcomes we hope to achieve and ultimately the impact of our giving.

In undertaking the activities identified in the business plan the Foundation will support the delivery of the outcomes identified in its strategy and in doing so will be delivering against its purpose. A fuller review of our performance over the last year and over our 3-year strategy as well as our 2024 strategy is available to view in full at www.racingfoundation.co.uk.

Principal Risks and Uncertainties

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

Risk description	Risk mitigation
Stock market volatility: Market volatility may impact upon both levels of investment income generated and the real value of the funds held.	The Trustees have consulted widely and taken advice during the year on their investment policy and approach. As a result, they acted on the decision to re-allocate investments to a range of 'style' managers to include 'value' and 'growth' approaches to the management of funds. Manager performance continues to be closely monitored and Trustees have independent advisors who attend all meetings to advise them. During 2023 a renewed agreement with the advisors was confirmed.
Lack of continuity and infrastructure: The need to replace Trustees and the small staff numbers threaten continuity.	Additional staffing resources have been used to support a number of projects in-year and to cover a member of staff during leave of absence for sickness. The Head of Grants was promoted to Chief Executive on 1 st September and a new Grants Manager was appointed on 1 st November. Two new Trustees joined in early 2023 – one with the specific skillset to replace an outgoing Trustee plus an additional Trustee with a skillset in community engagement and media. An existing Trustee also agreed to extend her first term for a further 3 years.
Industry alignment: The Trustees decisions on priorities for use of the funds may be questioned by industry stakeholders.	The Trustees and staff continue to engage widely with stakeholders to inform activities and strategy. The Foundation adopts an approach that sees it align clearly with industry issues and champion industry strategies. During 2023 the Foundation worked closely with the Industry Programme Group (IPG) and continued to liaise with other funders, including the HBLB.
IT fraud, cyber-attack: The general levels of IT fraud have escalated however no attacks have taken place in year.	The Trustees are satisfied that the current procedures protect them as far as is reasonable and no serious threat has been identified as requiring action.
Reputational risk Issues raised about the Foundation or the projects/charities we support could reduce the impact of our giving.	Any issues raised about the Foundation's work or the projects that are being supported are investigated and addressed in a timely manner to mitigate the risk of escalation.

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

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

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

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

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 (2016). They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of Disclosure to Auditors

In so far as the Trustees are aware:

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

DECLARATION

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

Signed on behalf of the charity's Trustees

Julia Budd

Julia Budd
Chair of the Trustees

Date: 09/08/24

THE RACING FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of The Racing Foundation (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the cash flow statement 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 2023 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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.

THE RACING FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2023

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

THE RACING FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2023

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 framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- 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.

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 and the charitable company's governing document. 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, reviewing minutes of meetings held in the year for any instances of non-compliance and remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The audit engagement team identified the risk of management override of controls as the area 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 significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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.

THE RACING FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2023

Use of our report

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

Karen Musgrave

Karen Musgrave (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Bluebell House

Brian Johnson Way

Preston

PR2 5PE

Date 15/08/24

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 2023

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2023 £000s	Total 2022 £000s
Income and endowments from:					
Donations and legacies		21	-	21	1,750
Grants		-	-	-	4
Income from investments		1,806	275	2,081	1,909
Total income and endowments	3	1,827	275	2,102	3,663
Expenditure from:					
Raising funds:					
Investment management costs		-	(131)	(131)	(207)
Support costs		(58)	-	(58)	(45)
Charitable activities:					
Grant making		(2,362)	-	(2,362)	(7,194)
Total expenditure	4	(2,420)	(131)	(2,551)	(7,446)
Net (expenditure)/income		(593)	144	(449)	(3,783)
Net gains/(losses) on investments	10	587	3,828	4,415	(10,502)
Transfers between funds		-	-	-	-
Net movement in funds		(6)	3,972	3,966	(14,285)
Total funds brought forward		2,348	77,866	80,214	94,499
Total funds carried forward		2,342	81,838	84,180	80,214

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

The notes on pages 18 to 29 form part of these financial statements

THE RACING FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2023 £000s	Total 2022 £000s
Fixed Assets					
Tangible assets	9	2	-	2	-
Investments	10	5,175	73,501	78,676	72,996
Total fixed asset		5,177	73,501	78,678	72,996
Current assets					
Debtors	11	451	7,500	7,951	200
Cash at bank and in hand	12	1,468	837	2,305	13,276
Total current assets		1,919	8,337	10,256	13,476
Creditors: amounts falling due within one year	13	(3,063)	-	(3,063)	(3,394)
Net current assets / (liabilities)		(1,144)	8,337	7,193	10,082
Creditors: amounts falling due after one year	14	(1,691)	-	(1,691)	(2,864)
Net assets		2,342	81,838	84,180	80,214
Funds of the charity					
Unrestricted funds - general		2,342	-	2,342	2,348
Endowment funds		-	81,838	81,838	77,866
Total funds	15	2,342	81,838	84,180	80,214

These financial statements were approved and authorised for issue by the Trustees on 09/08/24 and were signed on their behalf by:

Julia Budd

Julia Budd
Chairman of the Trustees

The notes on pages 18 to 29 form part of these financial statements.

THE RACING FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Total 2023 £000s	Total 2022 £000s
Cash flows from operating activities	16a	(11,785)	(5,784)
Cash flows from investing activities			
Investment income received		2,081	1,909
Proceeds from sale of investments		31,153	28,337
Payments to acquire investment assets		(32,418)	(17,387)
Payments to acquire tangible fixed assets		(2)	-
Net cash generated from investing activities		814	12,859
Change in cash and cash equivalents in the reporting period	16b	(10,971)	7,075
Cash and cash equivalents at beginning of year		13,276	6,201
Cash and cash equivalents at end of year	16c	2,305	13,276

The notes on pages 18 to 29 form part of these financial statements.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION

1.1 Basis of accounting

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

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

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

1.2 Going concern

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

2 ACCOUNTING POLICIES

2.1 Incoming resources

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

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

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

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

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

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

2.2 Expenditure and liabilities

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

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

2 ACCOUNTING POLICIES (continued)

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

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

2.3 Assets

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

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

Office equipment over 4 years

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

2.4 Cash at bank and in hand

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

2.5 Financial instruments

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

2.6 Funds

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

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

2.7 Investment Policy

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

3	ANALYSIS OF INCOMING RESOURCES	2023	2022
		£000s	£000s
	Donations and legacies		
	Donations	9	1,750
	Conference Income	12	-
	Grants	-	4
	Investment income		
	Dividends receivable	1,711	1,767
	Other Interest	275	-
	Bank interest	95	142
	Total	2,102	3,663
4	ANALYSIS OF RESOURCES EXPENDED	2023	2022
		£000s	£000s
	Cost of generating funds		
	Investment management fees	102	178
	Independent investment advice	29	29
	Support costs (see note 6)	58	45
		189	252
	Charitable activity: grant making		
	Grants payable (see note 5)	1,820	6,718
	Other charitable activity	-	53
	Support costs (see note 6)	523	405
	Governance - Auditor's fee	18	18
	Governance - Trustees expenses	1	-
		2,362	7,194
	Total	2,551	7,446

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 GRANT EXPENDITURE	2023 £000	2022 £000
Community Engagement:		
Apiafi Associates	46	100
Future Proof Purpose CIC	-	19
Great British Racing	100	200
National Horseracing Museum	-	75
British Horseracing Authority	107	-
Greatwood Charity	20	-
Racing to School	18	57
Jo Foster Racing	20	-
Riding a Dream Academy	-	510
National Horseracing Museum	53	-
Urban Equestrian Academy	-	13
Racing Together	19	-
	383	974
People:		
Princes Trust	-	12
British Horseracing Authority	53	-
Racing Welfare	-	274
The British Racing School	24	-
Horseracing Betting Levy Board	-	3,000
Industry People Board	153	-
Durham University	84	-
Urban Equestrian Academy	20	30
Professional Jockeys Association	-	5
Women In Racing	64	-
National Association of Racing Staff	35	116
National Horseracing College (Formerly, Northern Racing College)	98	-
The Concussion Foundation	30	-
Scottish Racing	319	-
	880	3,437
Equine:		
Horserace Betting Levy Board	113	-
Horse Welfare Board	87	3,000
HEROS	-	81
	200	3,081
Environment and Emerging Issues		
British Horseracing Authority	124	-
Jockey Club	25	-
Stable Carbon Ltd	30	-
World Horse Welfare	80	-
The British Racing School	11	19
	270	19
Adjustments to the current year grant expenditure in relation to prior year grants awarded	214	-
Total grant expenditure	1,947	7,511

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Grants reduced/withdrawn:

Community engagement:

Queen Margaret University	-	(10)
Riding a Dream Academy	-	(24)
	<u>-</u>	<u>(34)</u>

People:

Racing Welfare	(78)	(204)
University of Liverpool	(20)	(39)
Thoroughbred Breeders Association	-	(70)
British Racing School	-	(62)
National Horseracing College	(10)	(165)
Writtle College	-	(28)
	<u>(108)</u>	<u>(568)</u>

Equine:

University of Bristol	-	(21)
Arabian Racing Organisation	-	(123)
Horse Welfare Board	(87)	(38)
British Thoroughbred Retraining Centre	-	(4)
	<u>(87)</u>	<u>(186)</u>

Environmental Sustainability:

British Horseracing Authority	-	(5)
	<u>-</u>	<u>(5)</u>

Adjustments to the current year grant expenditure in relation to prior year grants withdrawn

<u>68</u>	<u>-</u>
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Net grant expenditure

<u>1,820</u>	<u>6,718</u>
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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 2023

6. SUPPORT COSTS	Generating Funds £000s	Grant making £000s	Total £000s
Management & administration	29	262	291
Website, IT and communications	12	106	118
Travel and general office expenses	17	155	172
	58	523	581

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.

Trustee's expenses of £3,910 (2022: £295) are included in charitable activities. Expenses were reimbursed to 5 trustees (2022: 2).

8. STAFF COSTS	2023 £000s	2022 £000s
Gross wages	239	210
Employer's national insurance contributions	22	21
Pension costs	21	21
Total staff costs	282	252

5 employees (average 4) were employed by the company during the year (2022: 4)

Key staff incurred total remuneration costs of £182k during the year (2022: £188k).

1 employee earned between £75-80k during the period (2022: 1 - £90-95k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

9. TANGIBLE FIXED ASSETS

	Office Equipment £000s	Total £000s
Cost		
At 1 January 2023	13	13
Additions	2	2
At 31 December 2023	<u>15</u>	<u>15</u>
Depreciation		
At 1 January 2023	13	13
Depreciation charge for the year	-	-
At 31 December 2023	<u>13</u>	<u>13</u>
Net book value		
At 31 December 2022	-	-
At 31 December 2023	<u>2</u>	<u>2</u>

10. FIXED ASSETS INVESTMENTS

	2023 £000s	2022 £000s
Carrying market value at the beginning of the year	72,996	94,448
Additions to investments at cost	32,418	17,387
Disposals at carrying value	(31,153)	(28,337)
Investment gains/(losses)	4,415	(10,502)
Carrying market value at end of year	<u>78,676</u>	<u>72,996</u>
Historical cost at end of year	<u>67,095</u>	<u>63,367</u>

Analysis of investments (at market value)

	£000s	£000s
Listed investments:		
Fixed interest securities	5,270	7,849
Equity shares	62,154	49,006
Common investment funds, investment trusts & unit trusts	11,252	16,141
Carrying market value at end of year	<u>78,676</u>	<u>72,996</u>

All investments held by the Foundation are registered on recognised UK, USA and International stock exchanges.

Material investment holdings (at market value)

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

£000s	£000s
-	-

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

11.	DEBTORS	2023 £000s	2022 £000s				
	Other debtors	7,951	200				
	Included within Other debtors is a balance of £6,146k (2022: £200k) falling due after more than 1 year.						
12.	CASH AT BANK	2023 £000s	2022 £000s				
	Cash on deposit with investment managers	1,468	2,822				
	Cash on bank deposit	656	10,449				
	Current account	181	5				
		2,305	13,276				
13.	CREDITORS: amounts falling due within one year	2023 £000s	2022 £000s				
	Grant commitments	2,990	3,262				
	Accruals and deferred income	69	128				
	Other taxation and social security	4	4				
		3,063	3,394				
14.	CREDITORS: amounts falling due after more than one year	2023 £000s	2022 £000s				
	Grant commitments	1,691	2,864				
15.	FUNDS ANALYSIS	Balance Brought Forward £000s	Incoming Resources £000s	Outgoing Resources £000s	Transfers £000s	Gains and Losses £000s	Balance Carried Forward £000s
	Unrestricted funds						
	General reserves	(9,794)	1,827	(2,420)	-	-	(10,387)
	Designated	12,142	-	-	-	587	12,729
		2,348	1,827	(2,420)	-	587	2,342
	Endowment funds						
	Expendable:						
	Tote Sale Proceeds	77,866	275	(131)	-	3,828	81,838
	Total funds	80,214	2,102	(2,551)	-	4,415	84,180

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

15. FUNDS ANALYSIS (continued)

Unrestricted General Reserves

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

Unrestricted Designated – Tote Sale Proceeds

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

16. NOTES TO THE CASH FLOW STATEMENT	2023 £000s	2022 £000s
(a) Reconciliation of net income to net cash inflow from operating activities:		
Net income	(449)	(3,783)
Adjustments:		
Items not involving the movement of funds:		
Depreciation charge	-	-
Investment income receivable	(2,081)	(1,909)
Changes in working capital:		
Increase in debtors	(7,751)	-
Decrease in creditors	(1,504)	(92)
Net cash outflow from operating activities	<u>(11,785)</u>	<u>(5,784)</u>
(b) Reconciliation of net cash flow to movement in net funds:		
(Decrease)/Increase in cash in the year	<u>(10,971)</u>	<u>7,075</u>
Change in net funds	<u>(10,971)</u>	<u>7,075</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

16. NOTES TO THE CASH FLOW STATEMENT (continued)

(c) Analysis of the change in net funds:

	1 Jan 2023 £000s	Cash flow £000s	31 Dec 2023 £000s
Net cash:			
Cash at bank and in hand	13,276	(10,971)	2,305
Change in net funds	13,276	(10,971)	2,305

17. TRANSACTIONS WITH RELATED PARTIES

Grants

During the year, grants with a net value of £25k (2022: £0) were awarded to the Jockey Club. Julia Budd was Chair and a Trustee of the Racing Foundation and Member of the Jockey Club during the year, Rishi Persad was a Trustee of the Racing Foundation and a Member of the Jockey Club during the year. At the year end the balance due to the Jockey Club was £0 (2022: £0).

During the year, no grants (2022: £274k) were awarded to Racing Welfare. The sole member of Racing Welfare is the Jockey Club. Julia Budd and Rishi Persad were Trustees of the Racing Foundation and Members of the Jockey Club during the year. At the year end the balance due to Racing Welfare was £0 (2022: £274k).

During the year grants with a combined value of £36k (2022: £19k) were awarded to the British Racing School. Julia Budd was Chair and a Trustee of the Racing Foundation and Chair and a Trustee of the British Racing School during the year. At the year end the balance due to the British Racing School was £28k (2022: £0).

During the year, grants with a net value of £18k were awarded to Racing to School (2022: £19k) and £18.5k were awarded to Racing Together (2022: £38k), which is part of Racing to School. Susannah Gill was a Trustee of the Racing Foundation and an Ambassador for Racing to School during the year. At the year end the balance due to Racing to School was £18k and to Racing Together was £0 (2022: £0).

During the year grants with a combined value of £97.5k (2022: £0) were awarded to the National Horseracing College and a withdrawal of £10k was made against a previous year grant award. Susannah Gill is a Trustee of the National Horseracing College (formerly Northern Racing College). At the year end the balance due to the National Horseracing College (formerly Northern Racing College) was £7.5k (2022: £0k).

During the year no grants (2022: £0) were awarded to the Diversity and Inclusion Steering Group. Susannah Gill was a Trustee of the Racing Foundation and a member of the Diversity and Inclusion Steering Group during the year. At the year end the balance due to the Diversity and Inclusion Steering Group was £0 (2022: £79k)

During the year no grants (2022: £0) were made to the Thoroughbred Breeders Association, no grants (2022: £0) to the National Trainers Federation, no grants (2022: £5k) to The Professional Jockeys Association and £35k (2022: £116k) to the National Association of Racing Staff. All these bodies are Members of the Thoroughbred Group, who are one of the three Members of the Racing Foundation. At the year end the balance due to the Thoroughbred Breeders Association was £144k (2022: £194k) and the National Association of Racing Staff was £35k (2022: £58k). During the year the National Trainers Federation paid back £11k as an underspend against a grant awarded in 2021.

During the year no grants (2022: £0) were made to the Racecourse Association. The Racecourse Association is one of the three Members of the Racing Foundation. At the year end the balance due to the Racecourse Association was £28k (2022: £28k).

During the year grants with a combined value of £284k (2022: £0) were made to the British Horseracing Authority, (BHA). The BHA is one of the three Members of the Racing Foundation. At the year end the balance due to the BHA was £237k (2022: £0).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Other payments

During the year, £1,255 was paid to Jockey Club Estates for room hire/facilities for a Racing Foundation event. Julia Budd was Chair and a Trustee of the Racing Foundation and Member of the Jockey Club during the year. Rishi Persad was a Trustee of the Racing Foundation and a Member of the Jockey Club during the year.

During the year, £2,513 was paid to the British Racing School for training courses for Racing Foundation staff; room hire and printing costs for Racing Foundation events. Julia Budd was Chair and a Trustee of the Racing Foundation and Chair and a Trustee of the British Racing School during the year.

During the year, £1,150 was paid to Racing to School as a bursary to subsidise the cost of tickets for small charities attending the Racing to School/Racing Together 'Industry Day' community engagement conference. Susannah Gill was a Trustee of the Racing Foundation and an Ambassador for Racing to School during the year.

During the year, £555 was paid to the Thoroughbred Breeders Association (TBA) to cover the expenses for guest speakers at the Racing Foundation conference. The TBA is a member of the Thoroughbred Group, which is one of the three Members of the Racing Foundation.

During the year, £330 was paid to the Racecourse Association to cover the expenses for guest speakers at the Racing Foundation conference. The Racecourse Association is one of the three Members of the Racing Foundation.

During the year, £359 was paid to the British Horseracing Authority, (BHA) to cover the expenses for guest speakers at the Racing Foundation conference. The BHA is one of the three Members of the Racing Foundation.

18. ACTIVITIES BY FUND IN PREVIOUS YEAR

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

	Notes	Unrestricted funds £000's	Expendable endowment funds £000's	Total 2022 £000's
Income and endowments from:				
Donations and legacies		1,750	-	1,750
Grants		4	-	4
Income from investments		1,909	-	1,909
Total income and endowments	3	3,663	-	3,663
Expenditure on:				
Raising funds:				
Investment management costs		-	(207)	(207)
Support costs		(45)	-	(45)
Charitable activities:				
Grant making		(7,194)	-	(7,194)
Total expenditure	4	(7,239)	(207)	(7,446)
Net gains/(losses) on investments		(1,397)	(9,105)	(10,502)
Net movement in funds		(4,973)	(9,312)	(14,285)

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

19	Net income/(expenditure) for the year	2023	2022
		£000s	£000s
	This stated after charging:		
	Depreciation	-	-
	Auditors remuneration	18	18
20.	Financial instruments	2023	2022
		£000s	£000s
	Financial assets:		
	Debt instruments measured at amortised cost	7,951	200
	Equity instruments measured at cost less impairment	78,676	72,996
	Financial liabilities:		
	Measured at amortised cost	4,504	6,258

Accounts

THE RACING FOUNDATION

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

THE RACING FOUNDATION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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THE RACING FOUNDATION

REFERENCE AND ADMINISTRATION DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2022

Charity name

The Racing Foundation

Charity registration number

1145297

Company registration number

07890908

Registered address

75 High Holborn
London
WC1V 6LS

Directors and Trustees during the year

Mark Johnston	(Term ended 31 st December 2022)
Linda Bowles	
Susannah Gill	
Louise Kemble	
Julia Budd	(Term commenced 8 th January 2022)
Alice Page	(Term commenced 18 th January 2022)
Algy Smith-Maxwell	(Term commenced 8 th January 2022)

Directors and Trustees appointed post year-end

James Boyle	(Term commenced 1st January 2023)
Rishi Persad	(Term commenced 14 th February 2023)

Key Management Personnel**Chief Executive Officer**

Rob Hezel

Grants Manager

Tansy Challis

Independent auditor

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

Bankers

Weatherbys Bank Ltd
Sanders Road
Wellingborough
Northamptonshire
NN8 4BX

Investment managers

Cazenove Capital
Management
12 Moorgate
London
EC2R 6DA

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

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

THE RACING FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees are pleased to present their annual directors report together with the financial statements of the charity for the year ending 31 December 2022 which are also prepared to meet the requirements for directors' report and accounts for companies act purposes.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Racing Foundation was founded by its Members, the British Horseracing Authority, the Racecourse Association and the Thoroughbred 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'). To comply with State Aid rules, it was required to be established as a registered charity with objects to provide funding to charities working in UK Racing.

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. In the event of the company being wound up, Members are required to contribute an amount not exceeding £1. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Racing Foundation amended its Articles of Association in 2019, with approval from the Charities Commission and its Members to allow it to make grants for the furtherance of its purposes to non-charitable bodies providing they are for charitable purposes. Previously it was restricted to giving solely to charities. A further amendment was made in 2021 to increase the maximum number of Trustees to 8.

Trustee Induction and Training

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

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

Related Parties and co-operation with other organisations

The Foundation regularly updates its Members on key issues and independently gathers their feedback. This has included the extension of existing Trustees, the appointment of new Trustees and the development of strategy. The Foundation engages with senior management and staff at the Member organisations to ensure it has a broad understanding of the industry and to provide greater detail and understanding on key issues.

Pay policy for senior staff

Staff remuneration is reviewed annually at the year-end by the Chair and by another Trustee (and also by the CEO for roles other than his own). During January 2022 Trustees approved an increase in salaries for the year based on cost of living factors and a review of previous performance. Remuneration packages were also benchmarked in summer 2022 by an independent remuneration consultant and adjusted where appropriate in line with market levels.

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 eight 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.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Mark Johnston ended his term of office on the 31st December 2022 having served six years as Trustee. James Boyle was appointed to replace him on the 1st January 2023. Rishi Persad was also appointed as a Trustee on the 14th February 2023.

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 Chief Executive Officer who is supported by a Head of Grants and Programmes. These individuals form the key staff for the charity and remuneration is set and reviewed annually by the Trustees. In 2022 a Social Media Officer was appointed to support the Head of Events and Communications.

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 for such charitable purpose or purposes.

In furtherance of these objects, the Trustees developed a strategic plan which provides a framework for how the Foundation will operate over the period 2021-2023. 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 plans, the Trustees agreed to take an approach that:

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

2022 was the second year of implementation of the Foundations strategy for 2021-2023, the strategy committed the foundation to support the areas of the sport that are charitable in their nature and the areas that can provide the basis for creating a stronger, fairer, more diverse and more sustainable horseracing and breeding industry in the future. The Foundation intends to increase engagement with its stakeholders, to be more transparent about its results, become more active in ensuring the delivery of funded projects and activities and to continue to work flexibly with other funders to provide finance.

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

The Foundation's purpose is defined as:

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

The Foundation's ambitions are to:

- Drive an industry people strategy to attract, develop and retain more staff.
- Support the industry's equine agenda on welfare and research.
- Support the sport to deliver an enhanced programme of community engagement.
- Increase awareness of environmental and other emerging issues.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Foundation's activity in 2022 involved:

- Grant and loan funding
- Supporting industry strategy, the industry COVID-19 response and the industries charity sector
- Ensuring delivery of our own processes and governance

STRATEGIC REPORT

Covid-19

The Foundation has again supported the Horseracing Betting Levy Board (HBLB) by repeating in 2022 the £3m that was donated to the HBLB in 2021 to support its charitable spend to allow its funds to be re-directed once again to support the wider industry.

It was a challenging year for our investments with high inflation and market volatility leading to the real value of the endowment not being maintained. Trustees committed to maintaining the real value of the investments over the economic cycle and withdrew £9m to support spending through the next strategy period to 2026. The performance of the funds by manager is reported in more detail below.

Trustees are provided with a strategy dashboard and a timeline document to update them on progress with the delivery of the strategy. Both Trustees and staff are pleased with the progress made during the first two years in the delivery of the 2021-2023 strategy.

Grant Making Policy

The Foundation may only make grants for charitable purposes to organisations which have been established in the UK or to other bodies for charitable purposes.

The Trustees of the Foundation ensure that the funds are applied appropriately for eligible purposes only and are subject to appropriate terms and conditions. To that end, the Trustees have set out the areas of focus for its giving over the next three years:

- People; social welfare, training and education, diversity and inclusion
- Equine; horse welfare and research
- Community Engagement
- Environmental sustainability

Trustees are therefore, satisfied that the Foundation meets the Charity Commission's public benefit test. Details of the Foundation's achievements and performance in 2022 against the 2021-2023 strategic plan are listed below:

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT (continued)

Achievements and Performance

The Foundation has developed an approach to the delivery of its strategy that:

- Builds understanding
- Prompts collaboration
- Funds action

Achievement and performance in 2022 is highlighted against each aspect of the approach in a strategy dashboard which is shared with both Trustees and external stakeholders.

Build understanding

- Staff recruitment, retention and training survey the results were published.
- The Horseracing Industry Conference audience grew by 50% with 62% of attendees rating it excellent and 38% very good.
- Twitter 63%, Instagram 122%, website 10%, LinkedIn 471 followers and newsletter 108% engagement levels all increased.
- The Foundation was featured in 58 pieces of written and broadcast media.

Prompt collaboration

- Foundation staff contributed to 14 industry working or steering groups.
- Staff also contributed to and or instigated 12 learning activities.
- The funders network evolved and was further developed.
- The Racing charities network evolved and was further developed.

Fund action

- 37 grant applications received
- 21 awarded
- Total awarded £7,511,962 (gross)
- No Covid-19 specific grants
- Inc £3m to HBLB for 2022 charitable activities – mainly education and training
- Match-funding: £567,584 from applicant pledges and £909,441 from other funders was £1,477,025
- No research projects
- 13 grants were for in-year delivery; 6 for projects delivered over 2022-2023; and 2 for periods of 3-5 years

Awarded grants by area of focus were:

People	46%
Equine	41%
Community engagement	13%

Further details of particular grants and performance review documents are available at www.racingfoundation.co.uk

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT (continued)

Financial Review

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

The Foundation generated income from donations, grants, bank deposits and investments amounting to £3.7 (2021: £1.7m). Investment gains of £8.5m (2020: £4.1m) occurred.

Expenditure totalled £7.5m (2021: £7.4m), including grants of £6.7m (2021: £6.8m). This figure represents the value of grants awarded at the date Trustees approved them. Many awards are multi-year in nature despite the full cost being recognised in 2022 and in cash terms will be funded out of future income.

Overall, as at 31 December 2022 the Foundation's net funds stood at £80.1m (2020: £94.5m). Due to the extraordinary economic conditions the endowment performance has fallen below the benchmark of CPI + 3% since inception.

Reserves Policy and going concern

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

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

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

Investment Policy and Performance

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

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

The Foundation used the services of three investment managers during the year. Cazenove Capital Management, James Hambro and Partners and Sarasin and Partners LLP, are the investment managers. The performance of these investment managers is closely monitored by the Trustees, with the assistance of a specialist independent investment advisor who also advises Trustees on reviewing and updating the investment policy.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT (continued)

Performance

The overall performance of investment managers fell below the targets set for the year. Trustees expected performance to reflect a net increase (in capital value and the generation of investment income) of CPI plus 3% which equated to 13.5% in 2022. Actual performances were:

Manager	2022 target	2022 actual	Target from inception	Actual from inception
James Hambro	13.5%	-11.2%	68%	100.8%
Cazenove	13.5%	-12.1%	68%	53.7%
Sarasin	13.5%	-9.9%	47.8%	81.2%

This resulted in a loss on investments of £10.5m (2021: £8.5m gain). The Foundation investments are made for the long-term in line with our investment policy, based on the professional advice we source. It is inevitable that market fluctuations will have an adverse impact on the value of our investments at certain times and this combined with the high rate of inflation in the year made the historical target unachievable.

Plans for future Periods

The Foundation strategy identifies four areas of focus: people, equine welfare, community engagement and environmental sustainability and other emerging issues. These issues are critical to racings engagement with its people, its horses and its communities. They are key to maintaining the sports social licence and can positively influence the sports standing with its communities and politicians at both a local and national level.

The approach to be adopted is to:

Build Understanding: We will build understanding, define progress and measure success across the key areas of activity we will support.

Prompt Collaboration: We will support those delivering activities we fund with advice, guidance, training and development and promote learning and growth for those delivering racings future.

Fund Action: We will provide increased levels of funding and pro-actively work with other funders to leverage additional resources.

Detailed operational plans and budgets have been approved by Trustees for 2023. These plans build on the activity of 2022 and provide a framework against which performance can be monitored at both an organisational and individual level. A key item to be delivered in 2023 will be the agreement and publication of the next 3 year strategy for the Foundation.

In undertaking the activities identified in the business plan the Foundation will support the delivery of the outcomes identified in its strategy and in doing so will be delivering against its purpose:

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

A fuller review of our performance over the last year and our 3 year strategy is available to view in full at www.racingfoundation.co.uk.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties

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

Risk description	Risk mitigation
<i>Stock market volatility:</i> Market volatility may impact upon both levels of investment income generated and the real value of the funds held.	Two Trustees with investment knowledge were appointed in 2022. The Trustees have consulted widely and taken advice during the year on their investment policy and approach. Manager performance continues to be closely monitored and Trustees have independent advisors who attend all meetings to advise them.
<i>Lack of continuity and infrastructure:</i> The need to replace Trustees and the small staff numbers threaten continuity.	Additional staffing resources have been used to support a number of projects in-year. An additional social media post was established in the year. Two new Trustees were joined in early 2023.
<i>Industry alignment:</i> The Trustees decisions on priorities for use the funds may be questioned by industry stakeholders.	The Trustees and staff continue to engage widely with stakeholders to inform activities and strategy. The Foundation adopts an approach that sees it align clearly with industry issues and champion industry strategies. The increased co-operation with other funders including the HBLB has continued throughout 2022.
<i>IT fraud, cyber-attack:</i> The general levels of IT fraud have escalated however no attacks have taken place in year.	The Trustees are satisfied that the current procedures protect them as far as is reasonable.
<i>Covid-19:</i> The implications on the industry, the Foundations stakeholders and wider grantee network impacts the delivery of the strategy.	The Foundation supported wider industry activities with £3m through the HBLB again in 2022.

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

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

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

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

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

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

Statement of Disclosure to Auditors

In so far as the Trustees are aware:

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

DECLARATION

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

Signed on behalf of the charity's Trustees

Julia Budd

Julia Budd
Chairman of the Trustees

Date: 18/04/23

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RACING FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of The Racing Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2022 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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 and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on pages 9 and 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- 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.

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 and the charitable company's governing document. 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, reviewing minutes of meetings held in the year of any instances for non-compliance and remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The audit engagement team identified the risk of management override of controls as the area 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 significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

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

Karen Musgrave

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

Date 18/04/23

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 2022

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2022 £000s	Total 2021 £000s
Income and endowments from:					
Donations and legacies		1,750	-	1,750	10
Grants		4	-	4	-
Income from investments		1,909	-	1,909	1,659
Total income and endowments	3	3,663	-	3,663	1,669
Expenditure from:					
Raising funds:					
Investment management costs		-	(207)	(207)	(216)
Support costs		(45)	-	(45)	-
Charitable activities:					
Grant making		(7,194)	-	(7,194)	(7,192)
Total expenditure	4	(7,239)	(207)	(7,446)	(7,408)
Net (expenditure)/income		(3,576)	(207)	(3,783)	(5,739)
Net gains/(losses) on investments	10	(1,397)	(9,105)	(10,502)	8,455
Transfers between funds		-	-	-	-
Net movement in funds		(4,973)	(9,312)	(14,285)	2,716
Total funds brought forward		7,321	87,178	94,499	91,783
Total funds carried forward		2,348	77,866	80,214	94,499

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

The notes on pages 17 to 27 form part of these financial statements

THE RACING FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2022 £000s	Total 2021 £000s
Fixed Assets					
Tangible assets	9	-	-	-	-
Investments	10	5,584	67,412	72,996	94,448
Total fixed asset		5,584	67,412	72,996	94,448
Current assets					
Debtors	11	200	-	200	200
Cash at bank and in hand	12	2,822	10,454	13,276	6,201
Total current assets		3,022	10,454	13,476	6,401
Creditors: amounts falling due within one year	13	(3,394)	-	(3,394)	(4,465)
Net current assets		(372)	10,454	10,082	1,936
Creditors: amounts falling due after one year	14	(2,864)	-	(2,864)	(1,885)
Net assets		2,348	77,866	80,214	94,499
Funds of the charity					
Unrestricted funds - general		2,348	-	2,348	7,321
Endowment funds		-	77,866	77,866	87,178
Total funds	15	2,348	77,866	80,214	94,499

These financial statements were approved and authorised for issue by the Trustees on 18/04/23 and were signed on their behalf by:

Julia Budd

Julia Budd
Chairman of the Trustees

The notes on pages 17 to 27 form part of these financial statements.

THE RACING FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Total 2022 £000s	Total 2021 £000s
Cash flows from operating activities	16a	(5,784)	(7,661)
Cash flows from investing activities			
Investment income received		1,909	1,659
Proceeds from sale of investments		28,337	13,516
Payments to acquire investment assets		(17,387)	(13,861)
Payments to acquire tangible fixed assets		-	-
Net cash generated from investing activities		12,859	1,315
Change in cash and cash equivalents in the reporting period	16b	7,075	(6,347)
Cash and cash equivalents at beginning of year		6,201	12,548
Cash and cash equivalents at end of year	16c	13,276	6,201

The notes on pages 17 to 27 form part of these financial statements.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. BASIS OF PREPARATION

1.1 Basis of accounting

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

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

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

1.2 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its risks successfully. Accordingly, they adopt the going concern basis in preparing the annual report and accounts. Trustees have assessed going concern in light of the ongoing impact of Covid-19 do not see it as an issue to affect the going concern status of the charity given the nature of the Charity and its spending.

2 ACCOUNTING POLICIES

2.1 Incoming resources

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

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

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

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

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

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

2.2 Expenditure and liabilities

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

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (continued)

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

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

2.3 Assets

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

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

Office equipment over 4 years

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

2.4 Cash at bank and in hand

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

2.5 Financial instruments

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

2.6 Funds

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

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

2.7 Investment Policy

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3. ANALYSIS OF INCOMING RESOURCES	2022 £000s	2021 £000s
Donations and legacies		
Donations	1,750	10
Grants	4	-
Investment income		
Dividends receivable	1,767	1,639
Bank interest	142	20
Total	3,663	1,669
4. ANALYSIS OF RESOURCES EXPENDED	2022 £000s	2021 £000s
Cost of generating funds		
Investment management fees	178	187
Independent investment advice	29	29
Support costs (see note 6)	45	-
	252	216
Charitable activity: grant making		
Grants payable (see note 5)	6,718	6,801
Other charitable activity	53	63
Support costs (see note 6)	405	307
Governance - Auditor's fee	18	21
Governance - Trustees expenses	-	-
	7,194	7,192
Total	7,446	7,408

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

5. GRANT EXPENDITURE	2022 £000	2021 £000
Community Engagement:		
Apiafi Associates	100	103
Future Proof Purpose CIC	19	-
Great British Racing	200	-
National Horseracing Museum	75	-
Diversity in Racing Steering Group	-	45
National Trainers Federation	-	50
Racecourse Association	-	207
Racing to School	57	43
Racing Together	-	9
Riding a Dream Academy	510	106
Take the Reins	-	20
Urban Equestrian Academy	13	71
Racing Centre	-	36
	974	690
People:		
Princes Trust	12	-
British Horseracing Authority	-	20
Women in Racing	-	140
Racing Welfare	274	1,286
Rose Paterson Trust	-	50
Exeter University	-	19
Horseracing Betting Levy Board	3,000	3,000
Amateur Jockeys Association	-	11
Newmarket Academy	-	1
Concussion Foundation	-	30
Urban Equestrian Academy	30	-
Professional Jockeys Association	5	123
National Trainers Federation	-	36
National Association of Racing Staff	116	10
National Horseracing College (Formerly, Northern Racing College)	-	147
Thoroughbred Breeders Association	-	370
Scottish Racing	-	309
	3,437	5,552
Equine:		
Horserace Betting Levy Board	-	200
Horse Welfare Board	3,000	335
Racecourse Association	-	229
HEROS	81	150
British Thoroughbred Rehabilitation Centre	-	105
Racehorse relief fund (Racehorse Owners Association)	-	28
	3,081	1,047
Environmental Sustainability:		
British Horseracing Authority	-	25
The British Racing School	19	-
Thoroughbred Breeders Association	-	21
	19	46
Total grant expenditure	7,511	7,335

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Grants reduced/withdrawn:

Community engagement:

Queen Margaret University
Riding a Dream Academy

(10) -

(24) -

(34) -

People:

Injured Jockeys Fund
Racing Welfare
University of Liverpool
Liverpool John Moores University
Racehorse Owners Association
Scottish Racing Academy
Thoroughbred Breeders Association
British Racing School
National Horseracing College
Writtle College

- (10)

(204) (283)

(39) (3)

- (94)

- (10)

- (44)

(70) -

(62) -

(165) -

(28) -

(568) **(444)**

Equine:

University of Bristol
Horseracing Betting Levy Board
Arabian Racing Organisation
Horse Welfare Board
British Thoroughbred Retraining Centre

(21) (61)

- -

(123) -

(38) -

(4) (29)

(186) **(90)**

Environmental Sustainability:

British Horseracing Authority

(5) -

(5) -

Net grant expenditure

6,718 **6,801**

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 2022

6. SUPPORT COSTS	Generating Funds £000s	Grant making £000s	Total £000s
Management & administration	26	232	258
Website, IT and communications	9	85	94
Travel and general office expenses	10	88	98
	45	405	450

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.

Trustee's expenses of £295 (2021: £266) are included in charitable activities. Expenses were reimbursed to 2 trustees (2021: 2).

8. STAFF COSTS	2022 £000s	2021 £000s
Gross wages	210	148
Employer's national insurance contributions	21	19
Pension costs	21	16
Total staff costs	252	183

4 employees were employed by the company during the year (2021: 2.8)

Key staff incurred total remuneration costs of £188k during the year (2021: £140k).

1 employee earned between £90-95k during the period (2021: 1 - £70-75k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS

	Office Equipment £000s	Total £000s
Cost		
At 1 January 2022	13	13
Additions	-	-
At 31 December 2022	<u>13</u>	<u>13</u>
Depreciation		
At 1 January 2022	13	13
Depreciation charge for the year	-	-
At 31 December 2022	<u>13</u>	<u>13</u>
Net book value		
At 31 December 2021	-	-
At 31 December 2022	<u>-</u>	<u>-</u>

10. FIXED ASSETS INVESTMENTS

	2022 £000s	2021 £000s
Carrying market value at the beginning of the year	94,448	85,648
Additions to investments at cost	17,387	13,861
Disposals at carrying value	(28,337)	(13,516)
Investment gains/(losses)	<u>10,502</u>	<u>8,455</u>
Carrying market value at end of year	<u>72,996</u>	<u>94,448</u>
Historical cost at end of year	<u>63,367</u>	<u>71,536</u>

Analysis of investments (at market value)	£000s	£000s
Listed investments:		
Fixed interest securities	7,849	8,251
Equity shares	49,006	68,701
Common investment funds, investment trusts & unit trusts	<u>16,141</u>	<u>17,496</u>
Carrying market value at end of year	<u>72,996</u>	<u>94,448</u>

All investments held by the Foundation are registered on recognised UK, USA and International stock exchanges.

Material investment holdings (at market value)

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

£000s	£000s
<u>-</u>	<u>-</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

11.	DEBTORS		2022 £000s	2021 £000s			
	Other debtors		200	200			
	Included within Other debtors is a balance of £200k falling due after more than 1 year						
12.	CASH AT BANK		2022 £000s	2021 £000s			
	Cash on deposit with investment managers		2,822	990			
	Cash on bank deposit		10,449	5,199			
	Current account		5	12			
			13,276	6,201			
13.	CREDITORS: amounts falling due within one year		2022 £000s	2021 £000s			
	Grant commitments		3,262	4,355			
	Accruals and deferred income		128	110			
	Other taxation and social security		4	-			
			3,394	4,465			
14.	CREDITORS: amounts falling due after more than one year		2022 £000s	2021 £000s			
	Grant commitments		2,864	1,885			
15.	FUNDS ANALYSIS	Balance Brought Forward £000s	Incoming Resources £000s	Outgoing Resources £000s	Transfers £000s	Gains and Losses £000s	Balance Carried Forward £000s
	Unrestricted funds						
	General reserves	(6,218)	3,663	(7,239)	-	-	(9,794)
	Designated	13,539	-	-	-	(1,397)	12,142
		7,321	3,663	(7,239)	-	(1,397)	2,348
	Endowment funds						
	Expendable:						
	Tote Sale Proceeds	87,178	-	(207)	-	(9,105)	77,866
	Total funds	94,499	3,663	(7,446)	-	(10,502)	80,214

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

15. FUNDS ANALYSIS (continued)

Unrestricted General Reserves

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

Unrestricted Designated – Tote Sale Proceeds

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

16. NOTES TO THE CASH FLOW STATEMENT	2022 £000s	2021 £000s
(a) Reconciliation of net income to net cash inflow from operating activities:		
Net income	(3,783)	(5,739)
Adjustments:		
Items not involving the movement of funds:		
Depreciation charge	-	2
Investment income receivable	(1,909)	(1,659)
Changes in working capital:		
Increase in debtors	-	(100)
Decrease in creditors	(92)	(165)
Net cash outflow from operating activities	<u>(5,784)</u>	<u>(7,661)</u>
(b) Reconciliation of net cash flow to movement in net funds:		
Increase/(Decrease) in cash in the year	<u>7,075</u>	<u>(6,347)</u>
Change in net funds	<u>7,075</u>	<u>(6,347)</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

16. NOTES TO THE CASH FLOW STATEMENT (continued)

(c) Analysis of the change in net funds:

	1 Jan 2022 £000s	Cash flow £000s	31 Dec 2022 £000s
Net cash:			
Cash at bank and in hand	6,201	7,075	13,276
Change in net funds	<u>6,201</u>	<u>7,075</u>	<u>13,276</u>

17. TRANSACTIONS WITH RELATED PARTIES

During the year grants with a net value of £274k (2021: £1,203k) were awarded to Racing Welfare. The sole member of Racing Welfare is the Jockey Club. Julia Budd was a Trustee of the Racing Foundation and Member of the Jockey Club during the year. At the year end the balance due to Racing Welfare was £274k (2021: £1.3m).

During the year grants with a net value of £19k (2021: 0k) were awarded to the British Racing School. Julia Budd was a Trustee of the Racing Foundation and Trustee of the British Racing School during the year. At the year end the balance due to the British Racing School was £0k (2021: £0k).

During the year grants with a combined value of £0k (2021: £147k) were awarded to the National Horseracing College. Susannah Gill is a Trustee of the National Horseracing College (formerly Northern Racing College). At the year end the balance due to the National Horseracing College (formerly Northern Racing College) was £0k (2021: £0k).

During the year grants with a combined value of £0k (2021: £45k) were awarded to the Diversity and Inclusion Steering Group. Susannah Gill and Linda Bowles were Trustees of the Racing Foundation and members of the Diversity and Inclusion Steering Group during the year. At the year end the balance due to the Diversity and Inclusion Steering Group was £79k (2021: £163k).

During the year grants with a combined value of £0k (2021: £391k) were made to the Thoroughbred Breeders Association, £0k (2021: £28k) to the Racehorse Owners Association, £5k (2021: £123k) to the Professional Jockeys Association, £0k (2021: £86k) to the National Trainers Federation, and £116k (2021: £10k) to the National Association of Racing Staff. All these bodies are Members of the Thoroughbred Group, who are one of the three Members of the Racing Foundation. At the year end the balance due to the Thoroughbred Breeders Association was £194k (2021: £317k) and the National Association of Racing Staff was £58k (2021: £0k).

During the year grants with a combined value of £0k (2021: £436k) were made to the Racecourse Association. The Racecourse Association are one of the three Members of the Racing Foundation. At the year end the balance due to the Racecourse Association was £28k (2021: £84k).

During the year grants with a combined value of £0k (2021: £45k) were made to the British Horseracing Authority, (BHA). The BHA are one of the three Members of the Racing Foundation. At the year end the balance due to the BHA was £0k (2021: £25k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

18. ACTIVITIES BY FUND IN PREVIOUS YEAR

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

	Notes	Unrestricted funds £000's	Expendable endowment funds £000's	Total 2021 £000's
Income and endowments from:				
Donations and legacies		10	-	10
Income from investments		1,659	-	1,659
Total income and endowments	3	1,669	-	1,669
Expenditure on:				
Raising funds:				
Investment management costs		-	(216)	(216)
Charitable activities:				
Grant making		(7,192)	-	(7,192)
Total expenditure	4	(7,192)	(216)	(7,408)
Net gains/(losses) on investments		1,141	7,314	8,455
Net movement in funds		(4,382)	7,098	2,716

19	Net income/(expenditure) for the year	2022 £000s	2021 £000s
	This stated after charging:		
	Depreciation	-	2
	Auditors remuneration	18	21

20.	Financial instruments	2022 £000s	2021 £000s
	Financial assets:		
	Debt instruments measured at amortised cost	200	200
	Equity instruments measured at cost less impairment	72,996	94,448
	Financial liabilities:		
	Measured at amortised cost	6,258	6,350

Accounts

THE RACING FOUNDATION

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Charity Registration Number: 1145297
Company Registration Number: 07890908

THE RACING FOUNDATION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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THE RACING FOUNDATION

REFERENCE AND ADMINISTRATION DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2021

Charity name

The Racing Foundation

Charity registration number

1145297

Company registration number

07890908

Registered address

75 High Holborn

London

WC1V 6LS

Directors and Trustees during the year

Ian Barlow (Term ended 31st December 2021)

William Rucker (Term ended 31st December 2021)

Mark Johnston

Linda Bowles

Susannah Gill

Louise Kemble

Directors and Trustees appointed post year-end

Julia Budd (Term commenced 8th January 2022)

Algy Smith-Maxwell (Term commenced 21st January 2022)

Alice Page (Term commenced 31st January 2022)

Key Management Personnel**Chief Executive Officer**

Rob Hezel

Grants Manager

Tansy Challis

Independent auditor

RSM UK Audit LLP

Bluebell House

Brian Johnson Way

Preston

PR2 5PE

Bankers

Weatherbys Bank Ltd

Sanders Road

Wellingborough

Northamptonshire

NN8 4BX

Investment managers

Cazenove Capital

Management

12 Moorgate

London

EC2R 6DA

James Hambro & Partners

Ryder Court

14 Ryder Street

London

SW1Y 6QB

Sarasin & Partners

LLP Juxon House

100 St Paul's

Churchyard

London

EC4M 8BU

THE RACING FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees are pleased to present their annual directors report together with the financial statements of the charity for the year ending 31 December 2021 which are also prepared to meet the requirements for directors' report and accounts for companies act purposes.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Racing Foundation was founded by its Members, the British Horseracing Authority, the Racecourse Association and the Horsemen's Group in December 2011 so that the racing industry had an appropriate vehicle to accept and distribute funds arising from the government's sale of the Horserace Totalisator Board ('Tote'). To comply with State Aid rules, it was required to be established as a registered charity with objects to provide funding to charities working in UK Racing.

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. In the event of the company being wound up, Members are required to contribute an amount not exceeding £1. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Racing Foundation amended its Articles of Association in 2019, with approval from the Charities Commission and its Members to allow it to make grants for the furtherance of its purposes to non-charitable bodies providing they are for charitable purposes. Previously it was restricted to giving solely to charities. A further amendment was made in 2021 to increase the maximum number of Trustees to 8.

Trustee Induction and Training

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

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

Related Parties and co-operation with other organisations

The Foundation regularly updates its Members on key issues and independently gathers their feedback. This has included the extension of existing Trustees, the appointment of new Trustees and the development of the 2021-2023 strategy. The Foundation engages with senior management and staff at the Member organisations to ensure it has a broad understanding of the industry and to provide greater detail and understanding on key issues.

Pay policy for senior staff

Staff remuneration is reviewed annually at the year-end by the Chair and any changes are proposed to the Trustees for approval. During January 2021 Trustees approved an increase in salaries for the year based on cost of living factors and a review of previous performance.

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 eight 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.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Two Trustees, Ian Barlow and William Rucker ended their terms of office on the 31st December 2021 both having served six years as Trustees. Three new Trustees have been appointed in 2022, Julia Budd, Algy Smith-Maxwell and Alice Page who all commenced their terms in January 2022.

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 Chief Executive Officer who is supported by a Grants Manager. These individuals form the key staff for the charity and remuneration is set and reviewed annually by the Trustees. In 2021 an Events and Communications Manager was also appointed.

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 for such charitable purpose or purposes.

In furtherance of these objects, the Trustees developed a strategic plan which provides a framework for how the Foundation will operate over the period 2021-2023. 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 plans, the Trustees agreed to take an approach that:

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

2021 was the first year of implementation of the Foundations strategy for 2021-2023, the strategy committed the foundation to support the areas of the sport that are charitable in their nature and the areas that can provide the basis for creating a stronger, fairer, more diverse and more sustainable horseracing and breeding industry in the future. The Foundation intends to increase engagement with its stakeholders, to be more transparent about its results, become more active in ensuring the delivery of funded projects and activities and to continue to work flexibly with other funders to provide finance.

The approved strategy documented the Foundation's purpose, ambitions and activity for three years.

The Foundation's purpose was defined as:

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

The Foundation's ambitions were to:

- Drive an industry people strategy to attract, develop and retain more staff.
- Support the industry's equine agenda on welfare and research.
- Support the sport to deliver an enhanced programme of community engagement.
- Increase awareness of environmental and other emerging issues.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Foundation's activity involved:

- Grant and loan funding
- Supporting industry strategy, the industry COVID-19 response and the industries charity sector
- Ensuring delivery of our own processes and governance

STRATEGIC REPORT

Covid-19

The Annual Report and Accounts report on another year impacted by the covid-19 situation. The disease and the response from Government and from racing has again impacted upon the Foundation during the year. The Foundation has again collaborated with its members and wider stakeholders to assist with the industry response to the situation. The Foundation has provided funding for the relief of hardship at an individual and organisational level where that can be done charitably, has again worked with the Horseracing Betting Levy Board (HBLB) to co-ordinate charitable funds to this cause and has supported the racing charity sectors survival. The Foundation has been flexible with grantees to ensure they were able to manage the impact of the pandemic on the projects they had received funding for. Additionally, £3m was donated to the HBLB to support its charitable spend to allow its funds to be re-directed to support the wider industry.

Our investments proved resilient to the crisis and the real value of the endowment has been maintained. Their performance is reported in more detail below.

Despite the on-going impact of covid-19 Trustees and staff are pleased with the first year of progress in the delivery of the 2021-2023 strategy.

Grant Making Policy

The Foundation may only make grants for charitable purposes to organisations which have been established in the UK or to other bodies for charitable purposes.

The Trustees of the Foundation ensure that the funds are applied appropriately for eligible purposes only and are subject to appropriate terms and conditions. To that end, the Trustees have set out the areas of focus for its giving over the next three years:

- People; social welfare, training and education
- Equine; horse welfare and research
- Community Engagement
- Diversity and inclusion
- Environmental sustainability

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT (continued)

Trustees are therefore, satisfied that the Foundation meets the Charity Commission's public benefit test. Details of the Foundation's achievements and performance in 2021 against the 2021-2023 strategic plan are listed below:

Achievements and Performance

The Foundation has developed an approach to the delivery of its strategy that:

- Builds understanding
- Prompts collaboration
- Funds action

Achievement and performance in 2021 is highlighted against each aspect of the approach in a strategy dashboard which is shared with both Trustees and external stakeholders.

Build understanding

7 research grants were funded at a cost of £496k.

The Foundation also commissioned a staff recruitment, retention and training survey the results of which will be available in 2022.

The Horseracing Industry Conference was again organised and hosted with 75% of attendees rating it excellent and 25% very good.

Twitter, Instagram, website and newsletter engagement levels all increased.

The Foundation was featured in 55 pieces of written and broadcast media.

Prompt collaboration

Foundation staff contributed to 12 industry working or steering groups.

Staff also contributed to and or instigated 8 learning activities.

A funders network was facilitated and developed.

A Racing charities network was also established and developed.

Fund action

47 open grant requests were received and 31 were awarded.

26 covid-19 specific grants were also made.

£3m was granted to the HBLB to support the wider industry response to covid-19.

£3.4m in open grants and 0.4m in covid-19 grants were awarded totalling £6.8m were awarded in the year.

Match funding of £2.1m also supported the grant applications.

14 grants were for in-year delivery, 15 for projects over 2021 and 2022 and 2 were for periods of 3-5 years.

Awarded grants by area of focus were:

People	75%
Equine	14%
Community engagement	10%
Environment and emerging issues	1%

Further details of particular grants and performance review documents are available at www.racingfoundation.co.uk

RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT (continued)

Financial Review

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

The Foundation generated income from bank deposits and investments amounting to £1.7m (2020: £1.8m). Investment gains of £8.5m (2020: £4.1m) occurred.

Expenditure totalled £7.4m (2020: £4.1m), including grants of £6.8m (2020: £3.5m). This figure represents the value of grants awarded at the date Trustees approved them. Many awards are multi-year in nature despite the full cost being recognised in 2021 and in cash terms will be funded out of future income.

Overall, as at 31 December 2021 the Foundation's net funds stood at £94.5m (2020: £91.8m). Endowment performance has exceeded our benchmark of CPI + 3% since inception.

Reserves Policy and going concern

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

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

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

Investment Policy and Performance

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

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

The Foundation used the services of three investment managers during the year. Cazenove Capital Management, James Hambro and Partners and Sarasin and Partners LLP, are the investment managers. The performance of these investment managers is closely monitored by the Trustees, with the assistance of a specialist independent investment advisor who also advises Trustees on reviewing and updating the investment policy.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT (continued)

Performance

The overall performance of investment managers exceeded the targets set for the year. Trustees expected performance to reflect a net increase (in capital value and the generation of investment income) of CPI plus 3% which equated to 3.3% in 2021. Actual performances were:

Manager	2021 target	2021 actual	Target from inception	Actual from inception
James Hambro	8.4%	11.4%	54.5%	113.5%
Cazenove	8.4%	12.6%	54.5%	90.1%
Sarasin	8.4%	10.5%	34.3%	61.1%

This resulted in a gain on investments of £8.5m (2020: £4.1m). The Foundation investments are made for the long-term in line with our investment policy, based on the professional advice we source. It is inevitable that market fluctuations will have an adverse impact on the value of our investments at certain times and indeed this has happened during the first quarter of 2022.

Plans for future Periods

The Foundation strategy identifies four areas of focus: people, equine welfare, community engagement and environmental sustainability and other emerging issues. These issues are critical to racings engagement with its people, its horses and its communities. They are key to maintaining the sports social licence and can positively influence the sports standing with its communities and politicians at both a local and national level.

The approach to be adopted is to:

Build Understanding: We will build understanding, define progress and measure success across the key areas of activity we will support.

Prompt Collaboration: We will support those delivering activities we fund with advice, guidance, training and development and promote learning and growth for those delivering racings future.

Fund Action: We will provide increased levels of funding and pro-actively work with other funders to leverage additional resources.

Detailed operational plans and budgets have been approved by Trustees for 2022. These plans build on the activity of 2021 and provide a framework against which performance can be monitored at both an organisational and individual level.

In undertaking the activities identified in the business plan the Foundation will support the delivery of the outcomes identified in its strategy and in doing so will be delivering against its purpose:

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

A fuller review of our performance over the last year and our 3 year strategy is available to view in full at www.racingfoundation.co.uk.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties

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

Risk description	Risk mitigation
Stock market volatility: Market volatility may impact upon both levels of investment income generated and the real value of the funds held.	The Trustees have consulted widely and taken advice during on their investment policy and approach. Manager performance continues to be closely monitored and Trustees have independent advisors who attend all meetings to advise them.
Lack of continuity and infrastructure: The need to replace Trustees and the small staff numbers threaten continuity.	Additional staffing resources have been used to support a number of projects in-year. A communication and event manager was appointed in February 2021 and a Kickstart placement appointed in November 2021. 2 new Trustees and a new Chair were all successfully recruited during the year.
Industry alignment: The Trustees decisions on priorities for use the funds may be questioned by industry stakeholders	The Trustees and staff continue to engage widely with stakeholders to inform activities and strategy. The Foundation adopts an approach that sees it align clearly with industry issues and champion industry strategies. The increased co-operation with other funders including the HBLB has continued throughout 2021 and into 2022.
IT fraud, cyber-attack: The general levels of IT fraud have escalated however no attacks have taken place in year.	The Trustees are satisfied that the current procedures protect them as far as is reasonable.
Covid-19: The implications on the industry, the Foundations stakeholders and wider grantee network impacts the delivery of the strategy.	The Foundation has continued to work flexibly and pro-actively to help stakeholders respond to the challenges faced in 2021. This included supporting wider industry activities with £3m through the HBLB.

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

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

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

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

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

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

Statement of Disclosure to Auditors

In so far as the Trustees are aware:

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

DECLARATION

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

Signed on behalf of the charity's Trustees

Julia Budd

Julia Budd
Chairman of the Trustees

Date: 20/04/22

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RACING FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of The Racing Foundation (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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 and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on pages 9 and 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- 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.

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 and the charitable company's governing document. 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, reviewing minutes of meetings held in the year for any instances for non-compliance and remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The audit engagement team identified the risk of management override of controls as the area 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 challenging judgments and estimates.

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

Use of our report

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

Karen Musgrave

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

Date 20/04/22

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 2021

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2021 £000s	Total 2020 £000s
Income and endowments from:					
Donations and legacies		10	-	10	290
Income from investments		1,659	-	1,659	1,831
Total income and endowments	3	1,669	-	1,669	2,121
Expenditure from:					
Raising funds:					
Investment management costs		-	(216)	(216)	(313)
Charitable activities:					
Grant making		(7,192)	-	(7,192)	(3,761)
Total expenditure	4	(7,192)	(216)	(7,408)	(4,074)
Net (expenditure)/income		(5,523)	(216)	(5,739)	(1,953)
Net gains/(losses) on investments	10	1,141	7,314	8,455	4,067
Transfers between funds		-	-	-	-
Net movement in funds		(4,382)	7,098	2,716	2,114
Total funds brought forward		11,703	80,080	91,783	89,669
Total funds carried forward		7,321	87,178	94,499	91,783

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

The notes on pages 17 to 27 form part of these financial statements

THE RACING FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2021 £000s	Total 2020 £000s
Fixed Assets					
Tangible assets	9	-	-	-	2
Investments	10	8,260	86,188	94,448	85,648
Total fixed asset		8,260	86,188	94,448	85,650
Current assets					
Debtors	11	200	-	200	100
Cash at bank and in hand	12	5,211	990	6,201	12,548
Total current assets		5,411	990	6,401	12,648
Creditors: amounts falling due within one year	13	(4,465)	-	(4,465)	(4,042)
Net current assets		946	990	1,936	8,606
Creditors: amounts falling due after one year	14	(1,885)	-	(1,885)	(2,473)
Net assets		7,321	87,178	94,499	91,783
Funds of the charity					
Unrestricted funds - general		7,321	-	7,321	11,703
Endowment funds		-	87,178	87,178	80,080
Total funds	15	7,321	87,178	94,499	91,783

These financial statements were approved and authorised for issue by the Trustees on 20/04/22 and were signed on their behalf by:

Julia Budd

Julia Budd
Chairman of the Trustees

The notes on pages 17 to 27 form part of these financial statements.

THE RACING FOUNDATION**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Total 2021 £000s	Total 2020 £000s
Cash flows from operating activities	16a	<u>(7,661)</u>	<u>(5,577)</u>
Cash flows from investing activities			
Investment income received		1,659	1,831
Proceeds from sale of investments		13,516	25,419
Payments to acquire investment assets		(13,861)	(20,693)
Payments to acquire tangible fixed assets		<u>-</u>	<u>(2)</u>
Net cash generated from investing activities		<u>1,315</u>	<u>6,555</u>
Change in cash and cash equivalents in the reporting period	16b	<u><u>(6,347)</u></u>	<u><u>978</u></u>

The notes on pages 17 to 27 form part of these financial statements.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. BASIS OF PREPARATION

1.1 Basis of accounting

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

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

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

1.2 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its risks successfully. Accordingly, they adopt the going concern basis in preparing the annual report and accounts. Trustees have assessed going concern in light of the ongoing impact of Covid-19 do not see it as an issue to affect the going concern status of the charity given the nature of the Charity and its spending.

2 ACCOUNTING POLICIES

2.1 Incoming resources

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

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

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

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

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

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

2.2 Expenditure and liabilities

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

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 ACCOUNTING POLICIES (continued)

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

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

2.3 Assets

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

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

Office equipment over 4 years

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

2.4 Cash at bank and in hand

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

2.5 Financial instruments

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

2.6 Funds

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

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

2.7 Investment Policy

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

3. ANALYSIS OF INCOMING RESOURCES	2021 £000s	2020 £000s
Donations and legacies		
Donations	10	290
Investment income		
Dividends receivable	1,639	1,798
Bank interest	20	33
Total	1,669	2,121
4. ANALYSIS OF RESOURCES EXPENDED	2021 £000s	2020 £000s
Cost of generating funds		
Investment management fees	187	258
Independent investment advice	29	29
Support costs	-	26
	216	313
Charitable activity: grant making		
Grants payable (see note 5)	6,801	3,465
Other charitable activity	63	48
Support costs (see note 6)	307	232
Governance - Auditor's fee	21	16
Governance - Trustees expenses	-	-
	7,192	3,761
Total	7,408	4,074

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

5. GRANT EXPENDITURE	2021 £000	2020 £000
Community Engagement:		
Apiafi Associates	103	-
Diversity in Racing Steering Group	45	-
National Trainers Federation	50	-
Racecourse Association	207	-
Racing to School	43	-
Racing Together	9	-
Riding a Dream Academy	106	10
Take the Reins	20	15
Urban Equestrian Academy	71	-
Racing Centre	36	-
	690	25
People:		
Racing Homes	-	51
British Horseracing Authority	20	-
Women in Racing	140	-
Racing Welfare	1,286	-
Rose Paterson Trust	50	-
Exeter University	19	-
Horseracing Betting Levy Board	3,000	-
Amateur Jockeys Association	11	-
Newmarket Academy	1	-
Concussion Foundation	30	10
Inspire Foundation	-	20
Liverpool John Moores University	-	120
Injured Jockey's Fund	-	10
Racehorse Association	-	38
Urban Equestrian Academy	-	20
Professional Jockeys Association	123	603
National Trainers Federation	36	108
Amateur Jockeys Association	-	19
National Association of Racing Staff	10	43
National Horseracing College (Formerly, Northern Racing College)	147	190
British Racing School	-	85
Greatwood Charity	-	110
University of Liverpool	-	78
HEROS	-	213
Pony Racing Authority	-	905
Thoroughbred Breeders Association	370	-
Racing to School	-	14
Injured Jockeys Fund	-	5
Resume Foundation	-	9
Scottish Racing	309	240
Racehorse Sanctuary	-	(5)
	5,552	2,886
Equine:		
Horserace Betting Levy Board	200	-
Horse Welfare Board	335	-
Racecourse Association	229	-
HEROS	150	-
Moorcroft	-	46
Racehorse Rescue Centre	-	7
British Thoroughbred Rehabilitation Centre	105	208
Horse Welfare Board	-	60

New Beginnings	-	64
Racehorse Sanctuary	-	84
Racehorse relief fund (Racehorse Owners Association)	28	64
	1,047	533
Heritage and Culture:		
National Trainers Federation	-	21
	-	21
Environmental Sustainability:		
British Horseracing Authority	25	-
Thoroughbred Breeders Association	21	-
	46	-
Total grant expenditure	7,335	3,465
Grants reduced/withdrawn:		
People:		
Injured Jockeys Fund	(10)	-
Racing Welfare	(283)	-
University of Liverpool	(3)	-
Liverpool John Moores University	(94)	-
Racehorse Owners Association	(10)	-
Scottish Racing Academy	(44)	-
	(444)	-
Equine:		
University of Bristol	(61)	-
Horseracing Betting Levy Board	(29)	-
	(90)	-
Net grant expenditure	6,801	3,465

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 2021

6. SUPPORT COSTS

	Grant making £000s	Total £000s
Management & administration	207	207
Website, IT and communications	71	71
Travel and general office expenses	29	29
	<u>307</u>	<u>307</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.

Trustee's expenses of £266 (2020: £nil) are included in charitable activities. Expenses were reimbursed to 2 trustees (2020: 0).

8. STAFF COSTS

	2021 £000s	2020 £000s
Gross wages	148	144
Employer's national insurance contributions	19	17
Pension costs	16	12
Total staff costs	<u>183</u>	<u>173</u>

2.8 employees were employed by the company during the year (2020: 2)

Key staff incurred total remuneration costs of £140k during the year (2020: £173k).

1 employee earned between £70-75k during the period (2020: 1 - £80-90k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

9. TANGIBLE FIXED ASSETS

	Office Equipment £000s	Total £000s
Cost		
Balance brought forward	13	13
Additions	-	-
Balance carried forward	13	13
Depreciation		
Balance brought forward	11	11
Depreciation charge for the year	2	2
Balance carried forward	13	13
Net book value		
Balance brought forward	2	2
Balance carried forward	-	-

10. FIXED ASSETS INVESTMENTS

	2021 £000s	2020 £000s
Carrying market value at the beginning of the year	85,648	86,307
Additions to investments at cost	13,861	20,693
Disposals at carrying value	(13,516)	(25,419)
Investment gains/(losses)	8,455	4,067
Carrying market value at end of year	94,448	85,648
Historical cost at end of year	71,536	69,978

Analysis of investments (at market value)

	£000s	£000s
Listed investments:		
Fixed interest securities	8,251	11,298
Equity shares	68,701	60,654
Common investment funds, investment trusts & unit trusts	17,496	13,696
Carrying market value at end of year	94,448	85,648

All investments held by the Foundation are registered on recognised UK, USA and International stock exchanges.

Material investment holdings (at market value)

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

£000s	£000s
-	-

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

11. DEBTORS					2021	2020
					£000s	£000s
Other debtors					200	100
12. CASH AT BANK					2021	2020
					£000s	£000s
Cash on deposit with investment managers					990	1,543
Cash on bank deposit					5,199	10,976
Current account					12	29
					6,201	12,548
13. CREDITORS: amounts falling due within one year					2021	2020
					£000s	£000s
Grant commitments					4,355	3,924
Accruals and deferred income					110	100
Other creditors					-	18
					4,465	4,042
14. CREDITORS: amounts falling due after more than one year					2021	2020
					£000s	£000s
Grant commitments					1,885	2,473
15. FUNDS ANALYSIS	Balance Brought Forward	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	Balance Carried Forward
	£000s	£000s	£000s	£000s	£000s	£000s
Unrestricted funds						
General reserves	(695)	1,669	(7,192)	-	-	(6,218)
Designated	12,398	-	-	-	1,141	13,539
	11,703	1,669	(7,192)	-	1,141	7,321
Endowment funds						
Expendable:						
Tote Sale Proceeds	80,080	-	(216)	-	7,314	87,178
Total funds	91,783	1,669	(7,408)	-	8,455	94,499

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

15. FUNDS ANALYSIS (continued)

Unrestricted General Reserves

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

Unrestricted Designated – Tote Sale Proceeds

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

16. NOTES TO THE CASH FLOW STATEMENT	2021 £000s	2020 £000s
(a) Reconciliation of net income to net cash inflow from operating activities:		
Net income	(5,739)	(1,953)
Adjustments:		
Items not involving the movement of funds:		
Depreciation charge	2	-
Investment income receivable	(1,659)	(1,831)
Changes in working capital:		
Increase in debtors	(100)	(77)
Decrease in creditors	(165)	(1,716)
Net cash outflow from operating activities	<u>(7,661)</u>	<u>(5,577)</u>
(b) Reconciliation of net cash flow to movement in net funds:		
Increase/(Decrease) in cash in the year	<u>(6,347)</u>	<u>978</u>
Change in net funds	<u>(6,347)</u>	<u>978</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

16. NOTES TO THE CASH FLOW STATEMENT (continued)

(c) Analysis of the change in net funds:

	1 Jan 2021 £000s	Cash flow £000s	31 Dec 2021 £000s
Net cash:			
Cash at bank and in hand	12,548	(6,347)	6,201
Change in net funds	<u>12,548</u>	<u>(6,347)</u>	<u>6,201</u>

17. TRANSACTIONS WITH RELATED PARTIES

During the year grants with a net value of £1,203k (2020: £51k) were awarded to Racing Welfare. The sole member of Racing Welfare is the Jockey Club. William Rucker and Ian Barlow were Trustees of the Racing Foundation and Members of the Jockey Club during the year. At the year end the balance due to Racing Welfare was £1.3m (2020: £1.4m).

During the year grants with a combined value of £147k (2020: £190k) were awarded to the National Horseracing College. Susannah Gill is a Trustee of the National Horseracing College (formerly Northern Racing College). At the year end the balance due to the National Horseracing College (formerly Northern Racing College) was £0k (2020: £0k).

During the year grants with a combined value of £45k (2020: £0k) were awarded to the Diversity and Inclusion Steering Group. Susannah Gill and Linda Bowles were Trustees of the Racing Foundation and members of the Diversity and Inclusion Steering Group during the year. At the year end the balance due to the Diversity and Inclusion Steering Group was £163k (2020: £0k).

During the year grants with a combined value of £391k (2020: £0k) were made to the Thoroughbred Breeders Association, £28k (2020: £64k) to the Racehorse Owners Association, £123k (2020: £603k) to the Professional Jockeys Association, £86k (2020: £129k) to the National Trainers Federation, and £10k (2020: £43k) to the National Association of Racing Staff. All these bodies are Members of the Horsemen Group, who are one of the three Members of the Racing Foundation. At the year end the balance due to the Thoroughbred Breeders Association was £317k (2020: £252k) and Racehorse Owners Association was £0k (2020: £10k).

During the year grants with a combined value of £436k (2020: £38k) were made to the Racecourse Association. The Racecourse Association are one of the three Members of the Racing Foundation. At the year end the balance due to the Racecourse Association was £84k (2020: £0k).

During the year grants with a combined value of £45k (2020: £0k) were made to the British Horseracing Authority, (BHA). The BHA are one of the three Members of the Racing Foundation. At the year end the balance due to the BHA was £25k (2020: £0k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

18. ACTIVITIES BY FUND IN PREVIOUS YEAR

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

	Notes	Unrestricted funds £000's	Expendable endowment funds £000's	Total 2020 £000's
Income and endowments from:				
Donations and legacies		290	-	290
Income from investments		1,831	-	1,831
Total income and endowments	3	2,121	-	2,121
Expenditure on:				
Raising funds:				
Investment management costs		(26)	(287)	(313)
Charitable activities:				
Grant making		(3,761)	-	(3,761)
Total expenditure	4	(3,787)	(287)	(4,074)
Net gains/(losses) on investments		541	3,526	4,067
Net movement in funds		(1,125)	3,239	2,114

19 Net income/(expenditure) for the year

	2021 £000s	2020 £000s
This stated after charging:		
Depreciation	2	-
Auditors remuneration	21	16

20. Financial instruments

	2021 £000s	2020 £000s
Financial assets:		
Debt instruments measured at amortised cost	200	100
Equity instruments measured at cost less impairment	94,448	85,648
Financial liabilities:		
Measured at amortised cost	6,350	6,515

Accounts

THE RACING FOUNDATION

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

THE RACING FOUNDATION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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THE RACING FOUNDATION

REFERENCE AND ADMINISTRATION DETAILS

FOR THE YEAR ENDED 31 DECEMBER 2020

Charity name

The Racing Foundation

Charity registration number

1145297

Company registration number

07890908

Registered address

75 High Holborn

London

WC1V 6LS

Directors and Trustees during the year

Ian Barlow

William Rucker

Mark Johnston

Linda Bowles

Susannah Gill

Louise Kemble (term commenced 1st January 2020)

Key Management Personnel**Chief Executive Officer**

Rob Hezel

Grants Manager

Tansy Challis

Independent auditor

RSM UK Audit LLP

Bluebell House

Brian Johnson Way

Preston

PR2 5PE

Bankers

Weatherbys Bank Ltd

Sanders Road

Wellingborough

Northamptonshire

NN8 4BX

Investment managers

Cazenove Capital

Management

12 Moorgate

London

EC2R 6DA

James Hambro & Partners

Ryder Court

14 Ryder Street

London

SW1Y 6QB

Sarasin & Partners

LLP Juxon House

100 St Paul's

Churchyard

London

EC4M 8BU

THE RACING FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees are pleased to present their annual directors report together with the financial statements of the charity for the year ending 31 December 2020 which are also prepared to meet the requirements for directors' report and accounts for companies act purposes.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Racing Foundation was founded by its Members, the British Horseracing Authority, the Racecourse Association and the Horsemen's Group in December 2011 so that the racing industry had an appropriate vehicle to accept and distribute funds arising from the government's sale of the Horserace Totalisator Board ('Tote'). To comply with State Aid rules, it was required to be established as a registered charity with objects to provide funding to charities working in UK Racing.

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. In the event of the company being wound up, Members are required to contribute an amount not exceeding £1. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association.

The Racing Foundation amended its Articles of association in 2019, with approval from the Charities Commission and its Members to allow it to make grants for the furtherance of its purposes to non-charitable bodies providing they are for charitable purposes. Previously it was restricted to giving solely to charities.

Trustee Induction and Training

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

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

Related Parties and co-operation with other organisations

The Foundation regularly updates its Members on key issues and independently gathers their feedback. This has included the extension of existing Trustees, the appointment of new Trustees and the development of the 2020-2023 strategy. The Foundation engages with senior management and staff at the Member organisations to ensure it has a broad understanding of the industry and to provide greater detail and understanding on key issues.

Pay policy for senior staff

Staff remuneration is reviewed annually at the year-end by the Chair and any changes are proposed to the Trustees for approval. During January 2020 Trustees approved an increase in salaries for the year based on benchmarked salary data and a review of previous performance.

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.

Louise Kemble was appointed to replace Jane Keir from the 1st January 2020.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisation

The Trustees are responsible for the governance of the charity and for the use of its funds. In particular, the Trustees are responsible for setting the charity's strategy and policies, and monitoring progress and fulfilment of these. Day to day management of the charity's affairs is delegated to the Chief Executive Officer who is supported by a Grants Manager. These individuals form the key staff for the charity and remuneration is set and reviewed annually by the Trustees.

OBJECTIVES AND ACTIVITIES

The objects of the charity are:

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

In furtherance of these objects, the Trustees developed a strategic plan which provides a framework for how the Foundation will operate over the period 2018-2020 during the year a new strategy was devised and agreed for 2021-2023. 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 plans, the Trustees agreed to take an approach that:

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

2020 was the final year of implementation of the Foundations strategy for 2018-2020, the strategy committed the foundation to:

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

The approved strategy documented the Foundation's purpose, ambitions and activity for three years.

The Foundation's purpose was defined as:

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

The Foundation's ambitions were to:

- Invest in the industry's people agenda to attract, develop and retain more staff.
- Invest in the industry's equine agenda on welfare and research.
- Challenge, collaborate with and support our charity and industry partners to improve the industry.
- To be flexible and respond to any emerging needs if required.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Foundation's activity involved:

- Grant and loan funding
- Supporting industry strategy, the industry COVID-19 response and the industries charity sector
- Ensuring delivery of our own processes and governance

STRATEGIC REPORT

Covid-19

The Annual Report and Accounts report on and have been prepared and audited during the on-going covid-19 situation. The disease and the response from Government and from racing has impacted upon the Foundation during the year. The Foundation has collaborated with its members and wider stakeholders to assist with the industry response to the situation. The Foundation has provided funding for the relief of hardship at an individual and organisational level where that can be done charitably, has worked with the Horseracing Betting Levy Board (HBLB) and other funders to co-ordinate charitable funds to this cause and has supported the racing charity sectors survival. The Foundation has been flexible with grantees to ensure they were able to manage the impact of the pandemic on the projects they had received funding for. £1.9m was donated directly to covid-19 related activities and £290k was received in donations towards that activity.

Our investments have proved resilient to the crisis and the real value of the endowment has been maintained. Their performance is reported in more detail below.

Given the impact of covid-19 it was opportune that we reviewed our strategy in 2020. Our purpose remains un-changed, however we will focus on those areas of racing that are charitable in nature and will provide the building blocks for longer term sustainability for the sport; people, horses, community and emerging issues such as environmental sustainability. We will also work more closely with our Members and stakeholders to direct our funding toward industry priorities wherever possible.

Grant Making Policy

The Foundation may only make grants for charitable purposes to organisations which have been established in the UK or to other bodies for charitable purposes.

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

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

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT (continued)

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

Achievements and Performance

A strategy dashboard reports on the key commitments made by the Foundation; these were to speed up funds flowing into the industry, narrow the focus of the grants made and alignment with industry strategy as well as the types of grants made and the nature and number of the beneficiaries.

- Speeding up funds flow has been delivered with £3.5m (2019 £4.9m) of grants awarded in the year. The Foundation has exceeded its 3-year grant target of £10m awarding £14.3m grants to the end of 2020.
- Throughout the strategy period the focus on people is clearly demonstrated with 90% of non covid-19 grant funding being awarded to people projects; only 6% was committed on equine projects. This was largely because we awaited plans to implement the industry's new equine welfare strategy. Trustees pledged £515k to support the delivery of this strategy in January 2021.

The wish to see grants awarded being aligned with industry strategy was a key message received from stakeholders in 2017. Over the strategy period 71% of grants were aligned with industry strategy, 27% were endorsed by key industry bodies even though no clear strategy yet existed and only 2% of grants had no direct industry strategy alignment.

Of the 79 grants awarded over the strategy period, 18 were to provide continuity funding, 23 were for core activity, 21 were for new projects and 17 were research projects.

The 17 research projects were funded at a cost of £1.1m, all were still ongoing at the 31st December 2020 with 4 to have findings published in early 2021.

In 38 projects the Foundation funding acted as a catalyst for the project to commence or continue. 7 of these projects have resulted in sustainable activity continuing or have craven policy change.

25 of the projects supported have completed with 21 resulting in continuing activity beyond the life of the grant.

The in-year demands for support due to covid-19 resulted in £1.9m being awarded in grants and loans. Of this total £0.13m of grants were re-paid. Donations of £0.3m were received from other funders towards the support provided.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

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

- In addition to the grants awarded, the Foundation has sought to encourage and support collaboration among racing charities. The Foundation created opportunities for racing charities to work together through hosting events including the Racing Industry Conference and a stakeholder event focusing on community engagement and education. Membership for all racing charities of the National Council for Voluntary Organisations (NCVO) was continued. A leadership programme for charity leaders was launched and additional 1:1 support provided during lockdowns. The Foundation ensured the issues facing racing charities were considered by industry covid-19 working groups and also provided emergency financial support where required. Increased engagement with other funders has also been facilitated in 2020.

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

- The Foundation seeks to maintain effective systems of governance. Five board meetings were held virtually during 2020 and three Small Grants Committee meetings were held during 2020 with a 97% attendance record from Trustees (2019: 93%).
- The Foundation's activities are sustained by financial returns generated by its designated and expendable endowment funds. Management of these funds plays a crucial role in the Foundation's ability to support the funding of current and future generations within horseracing. Investment policy and performance is discussed in more detail below under 'investment policy and performance' however during the year investment gains of £4.1m were recorded. Cumulatively, since inception, in 2012, investment returns have exceeded the targets set by Trustees by approximately 91%.
- Support costs, management and administration were 6.3% (2019: 3.7%) of total resources expended. This reflects the reduced levels of giving while maintaining the existing cost structure.
- The Foundation maintains a presence on the internet at www.racingfoundation.co.uk. The Foundation also sends out regular e-newsletter to charities and other stakeholders to keep them abreast of Foundation news and uses a revised Twitter handle: @racinggrants to provide grant alerts and updates on the charities and projects it supports. An increased focus on communications has occurred during the year and additional events have been held this will be continued with the appointment of a communication and events role in February 2021.

The Foundation delivered positively against its strategy in 2020 supporting 20 bids and awarding £1.6m of grants, providing a further £1.9m covid-19 related grants, providing support for racing charities and other stakeholders to develop and effectively managing its own resources.

RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT (continued)

Financial Review

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

The Foundation generated income from bank deposits and investments amounting to £1.8m (2019: £2.3m). Investment gains of £4.1m (2019: £10.3m) occurred.

Expenditure totalled £4.1m (2019: £5.3m), including grants of £3.5m (2019: £4.9m). This figure represents the value of grants awarded at the date Trustees approved them. Many awards are multi-year in nature despite the full cost being recognised in 2020 and in cash terms will be funded out of future income.

Overall, as at 31 December 2020 the Foundation's net funds stood at £91.8m (2019: £89.7m). Endowment performance has exceeded our benchmark of CPI + 3% since inception.

Reserves Policy and going concern

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

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

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

Investment Policy and Performance

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

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

The Foundation used the services of three investment managers during the year. Cazenove Capital Management, James Hambro and Partners and Sarasin and Partners LLP, are the investment managers. The performance of these investment managers is closely monitored by the Trustees, with the assistance of a specialist independent investment advisor who also advises Trustees on reviewing and updating the investment policy. In the year, £6m funds were removed from the investments to meet the likely increased charitable funding needs of the industry due to the pressures created by covid-19.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT (continued)

Performance

The overall performance of investment managers exceeded the targets set for the year. Trustees expected performance to reflect a net increase (in capital value and the generation of investment income) of CPI plus 3% which equated to 3.3% in 2020. Actual performances were:

Manager	2020 target	2020 actual	Target from inception	Actual from inception
James Hambro	3.3%	6.3%	42.5%	91.6%
Cazenove	3.3%	5.5%	42.5%	68.8%
Sarasin	3.3%	9.9%	23.9%	47.7%

This resulted in a gain on investments of £4.07m (2019: £10.25m). The Foundation investments are made for the long-term in line with our investment policy, based on the professional advice we source. It is inevitable that market fluctuations will have an adverse impact on the value of our investments at certain times and indeed this has happened during the year with the immediate market reactions to the COVID-19 crisis.

Plans for future Periods

Informed by engagement with Trustees, Members, a scrutiny panel and a wider survey of grantees a strategy for 2021-2023 was prepared in 2020 and approved by Trustees. The strategy builds on the experiences of the last three years and the key challenges that have been identified. The fragmented nature of the industry makes effective strategies difficult to create and to deliver, research is valuable but it has a long lead time to bring about meaningful improvement, yesterday's challenges; people and equine welfare and community engagement still exist and yet tomorrow's challenges; COVID, environmental challenges, gambling reform and the impact of concussion are here or arriving quickly. The Foundation will seek to bring its strengths to contribute to what racing needs. It will support research and learning and take a broad view of the industry in order to understand the opportunities and challenges of today and tomorrow. It will build strong cross-industry relationships allowing all parties to work effectively together to deliver joined-up solutions. It will leverage material funding to ensure the funds are available to make an impact in building a sustainable future for the sport. The strategy confirms that the Foundation's purpose remains unchanged:

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

The ambition is:

To work in partnership with our Members and stakeholders to develop understanding and action around the key issues facing racing, to assist the industry to survive and prosper.

The approach is to:

Build Understanding: We will build understanding, define progress and measure success across the key areas of activity we will support.

Prompt Collaboration: We will support those delivering activities we fund with advice, guidance, training and development and promote learning and growth for those delivering racing's future.

Fund Action: We will provide increased levels of funding and pro-actively work with other funders to leverage additional resources.

The strategy identifies four areas of focus: people, equine welfare, community engagement and environmental sustainability and other emerging issues. These issues are critical to racing's engagement with its people, its horses and its communities. They are key to maintaining the sport's social licence and can positively influence the sport's standing with its communities and politicians at both a local and national level.

A fuller review of our performance over the last three years and our new 3 year strategy is available to view in full at www.racingfoundation.co.uk.

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties

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

Risk description	Risk mitigation
Stock market volatility: Market volatility may impact upon both levels of investment income generated and the real value of the funds held.	The Trustees have consulted widely and taken advice during on their investment policy and approach. Managers performance continues to be closely monitored and Trustees have independent advisors who attend all meetings to advise them. £6m was withdrawn during the year.
Lack of continuity and infrastructure: The need to replace Trustees and the small staff numbers threaten continuity.	Additional staffing resources have been used to support a number of projects in-year. A communication and event manager has been appointed in February 2021. Linda Bowles and Susannah Gill have both extended their terms as trustees until 2024.
Industry alignment: The Trustees decisions on priorities for use the funds may be questioned by industry stakeholders	The Trustees and staff continue to engage widely with stakeholders to inform activities and strategy. The Foundation adopts an approach that sees it align clearly with industry issues and champion industry strategies. Increased co-operation with other funders including the HBLB was instigated in the year.
IT fraud, cyber-attack: The general levels of IT fraud have escalated however no attacks have taken place in year.	The Trustees are satisfied that the current procedures protect them as far as is reasonable.
Covid-19: The implications on the industry, the Foundations stakeholders and wider grantee network impacts the delivery of the strategy.	The Foundation executive have engaged extensively with Members, stakeholders and grantees to fully understand the impact of covid-19. They have worked flexibly and pro-actively to help stakeholders respond to the challenges faced. The new strategy is considered appropriate for the post covid-19 racing environment.

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

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

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

TRUSTEES' RESPONSIBILITIES STATEMENT

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

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

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

THE RACING FOUNDATION

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

Statement of Disclosure to Auditors

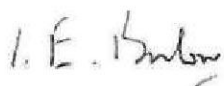
In so far as the Trustees are aware:

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

DECLARATION

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

Signed on behalf of the charity's Trustees



Ian Barlow
Chairman of the Trustees

8th April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE RACING FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of The Racing Foundation (the 'charitable company') for the year ended 31 December 2020 which comprise as the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 2020 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 Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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 and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- 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.

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 and the charitable company's governing document. 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, reviewing minutes of meetings held in the year for any instances for non-compliance and remaining alert to new or unusual transactions which may not be in accordance with the governing document.

The audit engagement team identified the risk of management override of controls as the area 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 challenging judgments and estimates.

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

Use of our report

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



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

Date 23 April 2021

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 2020

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2020 £000s	Total 2019 £000s
Income and endowments from:					
Donations and legacies		290	-	290	-
Income from investments		1,831	-	1,831	2,300
Total income and endowments	3	2,121	-	2,121	2,300
Expenditure from:					
Raising funds:					
Investment management costs		(26)	(287)	(313)	(128)
Charitable activities:					
Grant making		(3,761)	-	(3,761)	(5,194)
Total expenditure	4	(3,787)	(287)	(4,074)	(5,322)
Net (expenditure)/income		(1,666)	(287)	(1,953)	(3,022)
Net gains/(losses) on investments	10	541	3,526	4,067	10,246
Transfers between funds		-	-	-	-
Net movement in funds		(1,125)	3,239	2,114	7,244
Total funds brought forward		12,828	76,841	89,669	82,445
Total funds carried forward		11,703	80,080	91,783	89,669

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

The notes on pages 18 to 28 form part of these financial statements

THE RACING FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	Unrestricted funds £000s	Expendable endowment funds £000s	Total 2020 £000s	Total 2019 £000s
Fixed Assets					
Tangible assets	9	2	-	2	-
Investments	10	7,111	78,537	85,648	86,307
Total fixed asset		7,113	78,537	85,650	86,307
Current assets					
Debtors	11	100	-	100	23
Cash at bank and in hand	12	11,005	1,543	12,548	11,570
Total current assets		11,105	1,543	12,648	11,593
Creditors: amounts falling due within one year	13	(4,042)	-	(4,042)	(4,265)
Net current assets		7,063	1,543	8,606	7,328
Creditors: amounts falling due after one year	14	(2,473)	-	(2,473)	(3,966)
Net assets		11,703	80,080	91,783	89,669
Funds of the charity					
Unrestricted funds - general		11,703	-	11,703	12,828
Endowment funds		-	80,080	80,080	76,841
Total funds	15	11,703	80,080	91,783	89,669

These financial statements were approved and authorised for issue by the Trustees on 8th April 2021 and were signed on their behalf by:

I. E. Barlow

Ian Barlow
Chairman of the Trustees

The notes on pages 18 to 28 form part of these financial statements.

THE RACING FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Total 2020 £000s	Total 2019 £000s
Cash flows from operating activities	16a	<u>(5,577)</u>	<u>(3,912)</u>
Cash flows from investing activities			
Investment income received		1,831	2,300
Proceeds from sale of investments		25,419	29,921
Payments to acquire investment assets		(20,693)	(28,669)
Payments to acquire tangible fixed assets		<u>(2)</u>	<u>-</u>
Net cash used in investing activities		<u>6,555</u>	<u>3,552</u>
Change in cash and cash equivalents in the reporting period	16b	<u>978</u>	<u>(360)</u>

The notes on pages 18 to 28 form part of these financial statements.

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION

1.1 Basis of accounting

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

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

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

1.2 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its risks successfully. Accordingly, they adopt the going concern basis in preparing the annual report and accounts. Trustees have assessed going concern in light of the ongoing impact of Covid-19 do not see it as an issue to affect the going concern status of the charity given the nature of the Charity and its spending.

2 ACCOUNTING POLICIES

2.1 Incoming resources

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

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

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

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

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

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

2.2 Expenditure and liabilities

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

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 ACCOUNTING POLICIES (continued)

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

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

2.3 Assets

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

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

Office equipment over 4 years

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

2.4 Cash at bank and in hand

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

2.5 Financial instruments

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

2.6 Funds

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

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

2.7 Investment Policy

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

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. ANALYSIS OF INCOMING RESOURCES	2020 £000s	2019 £000s
Donations and legacies		
Donations	290	-
Investment income		
Dividends receivable	1,798	2,238
Bank interest	33	62
Total	2,121	2,300
4. ANALYSIS OF RESOURCES EXPENDED	2020 £000s	2019 £000s
Cost of generating funds		
Investment management fees	258	100
Independent investment advice	29	28
Support costs	26	-
	313	128
Charitable activity: grant making		
Grants payable (see note 5)	3,465	4,905
Other charitable activity	48	76
Support costs (see note 6)	232	197
Governance - Auditor's fee	16	16
Governance - Trustees expenses	-	-
	3,761	5,194
Total	4,074	5,322

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

5. GRANT EXPENDITURE	2020 £000	2019 £000
Social Welfare:		
Horseback UK	-	9
Diversity in racing	-	275
University of Bath	-	186
Great British Racing	-	50
Go racing in Yorkshire	-	44
Women in racing	-	20
Arabian racing	-	182
PJA, JETS, IJF	-	2,230
Racehorse Owners Association	-	10
Racing Homes	51	-
Racing Welfare	-	80
Racing Centre	-	156
Riding a dream	10	-
Concussion Foundation	10	-
Inspire Foundation	20	-
Liverpool John Moores University	120	-
Take the reins	15	-
Injured Jockey's Fund	10	-
Racehorse Association	38	-
Urban Equestrian Academy	20	-
Professional Jockeys Association	603	-
National Trainers Federation	108	-
Amateur Jockeys Association	19	-
National Association of Racing Staff	43	-
	1,067	3,242
Education, Training and Participation:		
National Horseracing College (Formerly, Northern Racing College)	190	243
British Racing School	85	10
Greatwood Charity	110	-
University of Liverpool	78	-
HEROS	213	-
Pony Racing Authority	905	-
Thoroughbred Breeders Association	-	570
Racing to School	14	-
Writtle University College	-	46
Injured Jockeys Fund	5	-
Resume Foundation	9	-
Scottish Racing	240	120
Racehorse Sanctuary	-5	-
	1,844	989
Equine Science Research:		
Horserace Betting Levy Board	-	210
	-	210
Thoroughbred Horse Welfare:		
Retraining of Racehorses	-	48
Moorcroft	46	-
Racehorse Rescue Centre	7	20
British Thoroughbred Rehabilitation Centre	208	-
The Royal Veterinary College	-	50
Aintree Racecourse Charitable Trust	-	20
Animal Health Trust	-	26
Horse Welfare Board	60	-

New Beginnings	64	-
Racehorse Sanctuary	84	-
Racehorse relief fund	64	-
	533	164
Heritage and Culture:		
National Horseracing Museum	-	300
National Trainers Federation	21	-
	21	300
Total grant expenditure	3,465	4,905

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 2020

6. SUPPORT COSTS

	Grant making £000s	Total £000s
Management & administration	160	160
Website, IT and communications	41	41
Travel and general office expenses	31	31
	<u>232</u>	<u>232</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.

Trustee's expenses of £nil (2019: £138) are included in charitable activities. Prior year expenses incurred relate to travel and accommodation costs commensurate with attending Trustee's meetings. Expenses were reimbursed to 0 trustee (2019: 1).

8. STAFF COSTS

	2020 £000s	2019 £000s
Gross wages	144	115
Employer's national insurance contributions	17	14
Pension costs	12	12
Total staff costs	<u>173</u>	<u>141</u>

2 employees were employed by the company during the year (2019: 1.8)

Key staff incurred total remuneration costs of £173k during the year (2019: £141k).

1 employee earned between £80-90k during the period (2019: 1 - £75-85k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

9. TANGIBLE FIXED ASSETS

	Office Equipment £000s	Total £000s
Cost		
Balance brought forward	11	11
Additions	2	2
Balance carried forward	<u>13</u>	<u>13</u>
Depreciation		
Balance brought forward	11	11
Depreciation charge for the year	-	-
Balance carried forward	<u>11</u>	<u>11</u>
Net book value		
Balance brought forward	-	-
Balance carried forward	<u>2</u>	<u>2</u>

10. FIXED ASSETS INVESTMENTS

	2020 £000s	2019 £000s
Carrying market value at the beginning of the year	86,307	77,313
Additions to investments at cost	20,693	28,669
Disposals at carrying value	(25,419)	(29,921)
Investment gains/(losses)	<u>4,067</u>	<u>10,246</u>
Carrying market value at end of year	<u>85,648</u>	<u>86,307</u>
Historical cost at end of year	<u>69,978</u>	<u>74,646</u>

Analysis of investments (at market value)

	£000s	£000s
Listed investments:		
Fixed interest securities	11,298	11,622
Equity shares	60,654	62,114
Common investment funds, investment trusts & unit trusts	<u>13,696</u>	<u>12,571</u>
Carrying market value at end of year	<u>85,648</u>	<u>86,307</u>

All investments held by the Foundation are registered on recognised UK, USA and International stock exchanges.

Material investment holdings (at market value)

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

£000s	£000s
<u>-</u>	<u>-</u>

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11.	DEBTORS				2020 £000s	2019 £000s	
	Other debtors				100	-	
	Prepayments and accrued income				-	23	
12.	CASH AT BANK				2020 £000s	2019 £000s	
	Cash on deposit with investment managers				1,543	3,097	
	Cash on bank deposit				10,976	8,307	
	Current account				29	166	
					12,548	11,570	
13.	CREDITORS: amounts falling due within one year				2020 £000s	2019 £000s	
	Grant commitments				3,924	4,218	
	Accruals and deferred income				100	29	
	Other creditors				18	18	
					4,042	4,265	
14.	CREDITORS: amounts falling due after more than one year				2020 £000	2019 £000	
	Grant commitments				2,473	3,966	
15.	FUNDS ANALYSIS	Balance Brought Forward £000s	Incoming Resources £000s	Outgoing Resources £000s	Transfers £000s	Gains and Losses £000s	Balance Carried Forward £000s
	Unrestricted funds						
	General reserves	971	2,121	(3,787)	-	-	(695)
	Designated	11,857	-	-	-	541	12,398
		12,828	2,121	(3,787)	-	541	11,703
	Endowment funds						
	Expendable:						
	Tote Sale Proceeds	76,841	-	(287)	-	3,526	80,080
	Total funds	89,669	2,121	(4,074)	-	4,067	91,783

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

15. FUNDS ANALYSIS (continued)

Unrestricted General Reserves

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

Unrestricted Designated – Tote Sale Proceeds

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

16. NOTES TO THE CASH FLOW STATEMENT	2020 £000s	2019 £000s
(a) Reconciliation of net income to net cash inflow from operating activities:		
Net income	(1,953)	(3,022)
Adjustments:		
Items not involving the movement of funds:		
Depreciation charge	-	-
Investment income receivable	(1,831)	(2,300)
Changes in working capital:		
Increase in debtors	(77)	(8)
Decrease in creditors	(1,716)	1,418
Net cash outflow from operating activities	(5,577)	(3,912)
(b) Reconciliation of net cash flow to movement in net funds:		
Increase/(Decrease) in cash in the year	978	(360)
Change in net funds	978	(360)

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

16. NOTES TO THE CASH FLOW STATEMENT (continued)

(c) Analysis of the change in net funds:

	1 Jan 2020 £000s	Cash flow £000s	31 Dec 2020 £000s
Net cash:			
Cash at bank and in hand	11,570	978	12,548
Change in net funds	<u>11,570</u>	<u>978</u>	<u>12,548</u>

17. TRANSACTIONS WITH RELATED PARTIES

During the year grants with a combined value of £51k (2019: £80k) were awarded to Racing Welfare's housing charity Racing Homes. The sole member of Racing Welfare is the Jockey Club. William Rucker was a Trustee of the Racing Foundation and Member of the Jockey Club during the year. At the year end the balance due to Racing Welfare was £1.4m (2019: £2,860k).

During the year grants with a combined value of £0 (2019: £300k) were awarded to the National Horseracing Museum. Ian Barlow is a Trustee of the National Horseracing Museum. At the year end the balance due to the National Horseracing Museum was £0 (2019: £150k).

During the year grants with a combined value of £190k (2019: £243k) were awarded to the Northern Racing College. Susannah Gill is a Trustee of the National Horseracing College (formerly Northern Racing College). At the year end the balance due to the National Horseracing College (formerly Northern Racing College) was £0 (2019: £82k).

During the year grants with a combined value of £0 (2019: £569k) were made to the Thoroughbred Breeders Association, £64k (2019: £10k) to the Racehorse Owners Association, £603k (2019: £0k) to the Professional Jockeys Association, £129k (2019: £0k) to the National Trainers Federation, and £43k (2019: £0k) to the National Association of Racing Staff. All these bodies are Members of the Horsemen Group, who are one of the three Members of the Racing Foundation. At the year end the balance due to the Thoroughbred Breeders Association was £252k (2019: £386k), Racehorse Owners Association was £10k (2019: £10k), Professional Jockeys Association £0 (2019: £0), National Trainers Federation £0k (2019: £0k) and National Association of Racing Staff £0 (2019: £0).

During the year grants with a combined value of £38k (2019: £0k) were made to the Racecourse Association. The Racecourse Association are one of the three Members of the Racing Foundation. At the year end the balance due to the Racecourse Association was £0 (2019: £0k).

THE RACING FOUNDATION

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

18. ACTIVITIES BY FUND IN PREVIOUS YEAR

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

	Notes	Unrestricted funds £000's	Expendable endowment funds £000's	Total 2019 £000's
Income and endowments from:				
Donations and legacies		-	-	-
Income from investments		2,300	-	2,300
Total income and endowments	3	2,300	-	2,300
Expenditure on:				
Raising funds:				
Investment management costs		-	(128)	(128)
Charitable activities:				
Grant making		(5,194)	-	(5,194)
Total expenditure	4	(5,194)	(128)	(5,322)
Net gains/(losses) on investments		1,363	8,883	10,246
Net movement in funds		(1,531)	8,755	7,224

19 Net income/(expenditure) for the year

	2020 £000s	2019 £000s
This stated after charging:		
Depreciation	-	-
Auditors remuneration	16	16

20. Financial instruments

	2020 £000s	2019 £000s
Financial assets:		
Debt instruments measured at amortised cost	100	23
Equity instruments measured at cost less impairment	85,648	86,307
Financial liabilities:		
Measured at amortised cost	6,515	8,231