



(A Charitable Company limited by guarantee and not having share capital)

Report and Financial Statements

Year Ended 31 December 2021

Charity No: 283656
Company No: 01592031

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

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THE NATIONAL HORSERACING MUSEUM
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Report of the Trustees for the year ended 31 December 2021

The Trustees of The National Horseracing Museum (hereafter referred to as the Charitable Company) are pleased to present their report together with the financial statements for the year ending 31 December 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Charity Number:	283656
Company Number:	01592031
Registered Office and Operational Address:	Palace House, Palace Street, Newmarket, Suffolk, CB8 8EP
Auditors:	RSM UK Audit LLP, Blenheim House, Newmarket Road, Bury St Edmunds, Suffolk, IP33 3SB
Bankers:	Barclays Bank plc, 58 High Street, Newmarket, Suffolk, CB8 8GL Weatherbys Bank, Sanders Road, Wellingborough, Northants, NN8 4BX
Investment Managers:	Smith & Williamson Investment Management, 25 Moorgate, London, EC2R 6AY
Museum Director:	Anne-Marie Hogan
Company Secretary:	Anne-Marie Hogan

Directors and Trustees

The Directors of the Charitable Company are its Trustees for the purpose of law and throughout this report are collectively referred to as the Trustees.

Hon. Frances Stanley	- Chair
John Chatfeild-Roberts	
Brian Finch	
Sally Goodsir	
Annette Green	
Paul Lindsell	
Nicholas Luck	
Paul Taiano	
Richard Fletcher	
Ben Hanbury	
Lady Jane Grosvenor	
Jonathan Benson	
Adam Signy	- appointed 28 April 2022
Paul Ogburn	- appointed 28 April 2022

THE NATIONAL HORSERACING MUSEUM

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Report of the Trustees for the year ended 31 December 2021 (*Continued*)

Structure, Governance and Management

The Charitable Company is limited by guarantee and governed by its Memorandum and Articles of Association dated 16 October 1981. Under part 5, Section 60 of the Companies Act 2006, it is exempt from the requirement to use the word limited after its name. It is registered as a charity with the Charity Commission.

The Trustees determine the general policy of the Charitable Company and are elected in accordance with the Memorandum and Articles of Association. The day-to-day management of The National Horseracing Museum (the Museum) is delegated to the Museum Director and her staff (collectively referred to as the Executive). The National Horseracing Museum is the legal entity responsible for running the Museum at Palace House, Newmarket.

The Trustees are responsible for the preparation of financial statements, ensuring that they give a true and fair view of the results and financial soundness of the Charitable Company.

The Charitable Company has no share capital and is limited by guarantee. Each Trustee is a member of the Charitable Company and is a guarantor who undertakes to contribute to the assets of the Charitable Company, in the event of it being wound up, such amount as may be required, not exceeding £1.

The Trustees delegate authority on all strategic and day-to-day matters to the Museum Director and the Executive. However, the following reserved matters require Trustee approval:

- The annual budget
- The annual auditors' report
- Quarterly management accounts
- Capital project expenditure above £100,000
- The annual, five-year Forward Plan, and any subsequent variants of this
- The annually reviewed Risk Register and the associated Risk Management Plan
- The Museum's operational policies
- Changes in the terms of governance
- Staff ex gratia and bonus payments
- Changes to partnership agreements with the site's associated charities.

While new Trustees will be asked to respect the Executive's responsibility for the operation of the Museum, Trustees may also be asked to mentor a senior member of the Museum staff working in an area which corresponds to their own professional expertise. We have introduced a new delegated powers and sub-committee structure to enable Trustees to retain a critical friend role, whilst empowering the Executive to lead daily activity, including three re-structured committees: Finance, Fundraising & Commerce Committee; Governance & Organisational Culture Committee; Creative Content Committee.

Appointment of Trustees

Appointment or removal of Trustees is in line with Charity Commission guidelines RS1 and in compliance with the Charitable Company's Trustees Recruitment Policy.

At the Trustees' Board meeting of 29 July 2019, it was agreed that, in order to extend the range of the Board's professional expertise, better reflect our audience, and improve the diversity of Board representation, the Board should regularise the terms of its membership. These new terms are enshrined in the new drafting of the Museum's Memorandum and Articles adopted 6 January 2021.

To summarise these terms, it was agreed that:

- Trustee terms be limited to three years in the first instance, renewable (if both parties are in agreement) for a further three years.
- After six years' service Trustee terms can, by mutual consent of the Chair and the respective Trustee, be renewable annually, to a maximum of nine years' service in total.
- The Chair review the membership of those Trustees who have served more than six years, with a view to effecting an orderly transition from existing to new members.
- The Chair and Board will invite suggestions for new Trustees who can enhance the Board's diversity in terms of age, professional expertise, and socio-economic background.
- The Museum will advertise publicly for new Trustees.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

- Any potential Trustees will be interviewed by Nominations Committee comprising of the Board Chair; Board Diversity Champion; two other Trustees; external member (ideally with HR, Governance and/or organisational culture experience) and Museum Director.
- The Board will particularly seek new Trustees who have professional expertise in areas in which the Board is currently under-represented (see below), who come from a diverse range of economic and social backgrounds, or who represent one of the protected characteristics which the Museum is prioritising.
- The Museum will encourage applications for the Board by qualified candidates from visible and invisible minority group members, persons with disabilities, persons across the spectrum of sexual and gender identities, and others with the skill and knowledge to engage with diverse communities.
- The Board's size be no less than 10 and no more than 14 Trustees.

The Trustees will be asked (i) to ensure that the Museum runs smoothly and effectively by supervising and monitoring the performance of the Museum's operation in accordance with the sector's standards of good practice and the principles of transparency, diversity, equality, and fiscal sustainability and (ii) to assist the Executive to identify, cultivate and harness potential sources of external funding for core projects.

The appointment of Trustees is by proposal according to the skills requirements of the Charitable Company and requires a unanimous positive vote. The recruitment process focussing on the need for all Trustees to come from a variety of backgrounds, personal & experiential; ideally bringing experience in Finance; Higher Education; Museums (Policy/Operations and Collections); Events/Catering; Marketing and the Voluntary Sector. Representation at Board meetings includes members of the Local Authorities (specifically one observer/attendee each from Suffolk County Council and West Suffolk District Council). In addition, Arts Council England (ACE) reserves the right to attend meetings of the full Board, reflecting the Museum's status as an ACE National Portfolio Organisation. To date, there has never been the need to remove a Trustee from office.

Trustees Induction and Training

Upon appointment, Trustees are given advice outlining their role and responsibilities to the Charitable Company. Provision is made for external training of Trustees if necessary.

Related Parties

A separately registered charity exists in connection with the Museum, in the name of The Friends of the National Horseracing Museum (registered charity number 291154). Given its independence hitherto, the Friends' results are not incorporated within these financial statements. The Friends make regular gifts to the Museum in the form of pictures or other artefacts or provide funds to support purchases or other projects in line with the Objectives and Activities outlined in their Constitution. The basic object of the charity as defined with the Charity Commission is *'...the education of the public by promotion, support, assistance and improvement of the National Horseracing Museum through the activity of the group of Friends.'*

During the year donations towards acquisitions to the Museum's collections were received from the Friends to the value of £4,000 (2020: £5,000).

The National Horseracing Museum holds 100% of the issued share capital of Palace House Trading Limited, a company registered in England and Wales. The principal activities of Palace House Trading are detailed in note 17 to the financial statements.

Pay policy for key management personnel

The Trustees consider that they, along with the Executive, comprise the key management personnel in charge of directing and controlling, running, and operating the Charitable Company on a day-to-day basis. All Trustees give of their time freely, and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in notes 12 and 26 to the accounts.

The pay of the Executive is reviewed annually. In view of the nature of the Charitable Company, the Trustees benchmark pay against levels in other provincial museums of a similar size. We follow Museums Association "Pay in Museums" guidance to ensure fair pay for all. Executive salaries are set by recommendation of the Audit & Performance (Finance, Fundraising & Commerce) Committee to the Chair of the Board.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

Risk Management

The Trustees consider that the principal risks faced by the Charitable Company are generating sufficient income on an annual basis, which historically has principally been from grants and donations, to fund its charitable activities and attracting increasing visitor numbers to generate income from attending the Museum and purchasing the goods, services and events provided by the Charitable Company's subsidiary, Palace House Trading Limited.

The Trustees regularly review the financial performance and position of the Museum to ensure that unrestricted working capital is available to support present and future levels of operation, with the longer-term goal of increasing the level of the Museum's Endowment Fund (see also Reserves Policy below) such that it is sufficient to generate a level of income which substantially funds the charitable activities.

The Charitable Company maintains a Risk Register which is reviewed by the Audit and Performance (Finance, Fundraising & Commerce) Committee on behalf of the Trustees, to assess major operational and business risks faced by the Charitable Company. It is believed that the appropriate actions are in place to mitigate significant risks.

Objectives and Activities

The National Horseracing Museum was founded to be a world-class museum using our prestigious heritage site, nationally recognised art and heritage collections, special exhibitions, and activities to celebrate the rich history of horseracing in the UK with a special focus on the contribution that Newmarket and surrounding areas has made and continues to make to the growth of a major worldwide sport and industry.

Its purpose, as set out in the Charitable Company's Memorandum of Association, is:

'to promote public interest in the preservation of all articles of historical or scientific interest in connection with racehorses and persons and places connected with racehorses and to enlarge the Museum's network of partnerships within the education, racing industry and museums sectors to mutual benefit and for the benefit of the public.'

Key aims as set out in the Museum's Forward Plan, approved by the Trustees, are:

- To improve and maintain the financial resilience of the organisation via a balanced range of income sources, with emphasis being placed on increasing visitor ticket sales and enhancing income from retail, catering, and hire.
- To create an engaging, accessible and (where possible) externally funded programme of special exhibitions and displays as a prime driver of increased footfall.
- To broaden and diversify the audience for the collections and exhibitions and to ensure the highest possible standards of collections care and documentation according to Museum Accreditation standards.
- To build a strong network of local, regional, national, and international partnerships to enable the organisation to attain its full potential.
- To broaden and diversify the offer across the site through externally sourced investment.
- To promote the Museum through traditional and digital marketing and media channels in order to communicate the changing offer.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

Public Benefit

The public benefits principally from the preservation and conservation of this nationally important collection of racing works of art, social history objects, archival documents, and photographs. Members of the public are able to view the exhibitions in person and increasingly, online and to use the research services of the Museum.

The Museum also provides wider social benefit through the provision of greatly improved facilities and services for families and young people and through much improved educational facilities and learning programmes. The organisation works hard to engage the local community beyond the core racing audience. A community outreach programme has integrated the National Horseracing Museum into the life of Newmarket and its diverse communities, as well as those of the surrounding area.

All three elements of the Museum's extensive premises are fully accessible in accordance with the provisions of the Disability Discrimination Acts (1995 & 2005). In addition, displays enhance intellectual access to the Museum in order to attract audiences of all ages and backgrounds to engage with the historical and cultural life of Newmarket, while its education and community outreach programmes support life-long learning both for specialist groups and for general audience alike, thereby contributing to the formal and informal learning offer in the region.

Economic Benefit

The Trustees are aware that the public's opportunity to benefit must not be limited by geographical or other restrictions. Although the Museum is based in Suffolk, visitors come from all over the UK and abroad. As part of other audience development planning, the Trustees discuss the public benefit requirements to ensure the Museum's activities continue to enhance the participation and enjoyment of as many sectors of the public as possible.

The Trustees believe they comply with the duty in Section 4 Chapter 1 of the Charities Act 2011, having due regard to the public benefit guidance published by the Charity Commission.

Achievements and Performance

During 2021 the Museum benefited from National Portfolio Organisation (NPO) status, awarded by Arts Council England (ACE), and from the National Lottery Heritage Fund (NLHF). These two bodies provided substantial support in the form of grant funding.

At 10,337 visitor numbers remained below the 18,600 visitors achieved pre-pandemic in 2019. The lockdown periods mandated by Government to control the COVID-19 pandemic accounted for the Museum being completely closed for some 21 weeks in the year, not opening until 18 May 2021. However, the numbers achieved in the six and half months since opening the doors were consistent to numbers achieved pre-pandemic, providing considerable encouragement for 2022 and life beyond COVID-19. In 2021 the Museum continued to benefit from the Government's generous programme of assorted business grants particularly focussed on the hospitality and leisure sector, as well as the furlough programme, which continued to support staff costs during the closure. We were also the recipient of ACE Culture Recovery Fund round 2 funding, providing a further £167k towards general overheads for which we are immensely grateful. As a consequence of all these forms of support, the Museum was able to end the year with healthy cash and investment balances, which will be key in supporting our expanding programme in 2022 as we return to normal operating practices.

The Museum remains committed to working with our local secondary school, Newmarket Academy, and with local primary schools, all of which closely connect us with the community in Newmarket. We work with racing industry partners to deliver two free initiatives for local schools to develop a sense of place in Newmarket: 'Future Champions', with the whole of Year 8 at Newmarket Academy, and 'Under Starter's Orders' for Year 5 pupils in local primary schools. In 2021 we engaged 621 pupils aged 5-18, in learning, with English as an Additional Language (EAL) of 18% and a Pupil Premium of 20%. We also have an enhanced relationship with our neighbouring primary school, All Saints, where around 30% of pupils have EAL and over 12 languages are spoken.

In 2021 the Museum retained its 'Learning Outside the Classroom' quality badge, and accreditation as an Arts Award centre and Artsmark Partner. A key aim of our learning programme is to give pupils in local schools the opportunity to gain an Arts Award qualification. We enabled 117 children to receive their Discover Arts Awards across four local primary schools in 2021.

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Report of the Trustees for the year ended 31 December 2021 (*Continued*)

Achievements and Performance (*Continued*)

In addition to our work with schools, we are working with Inspire Suffolk on the delivery of the Prince's Trust programme for local young people who qualify as NEET – not in employment, education, or training. 2021 saw the third year of the Suffolk Museums' 'Transforming People to Transform Museums' trainee programme, funded by the National Lottery Heritage Fund *Skills for the Future* initiative, which aims to diversify the museum workforce. In 2021 we hosted two school leavers for a one-year traineeship each. Both have gone on to secure employment in areas they developed interest in while they were training with us. In early 2021 we enrolled in the KickStart scheme which offers young people, aged between 16-24 on Universal Credit and at risk of long-term unemployment, six-month job placements. We hosted four placements between May and November 2021. All those who took part reported huge improvements in their confidence in the workplace. Three out of the four participants secured jobs immediately after leaving us.

We are signatories to the Kids in Museums manifesto and a destination for the Children's University in Suffolk. We organise a range of family activities and trails including free or low-cost events for local families including 'Fun Palaces' and Halloween events in October and 'Twilight in Museums' in February. We promote our events through local schools and support networks such as Suffolk Young Carers. These events have brought in diverse family groups, many of whom have not visited before.

To encourage more diverse local audiences to visit, we held Chai and Rusk events in summer 2021, which enabled women from families of South-east Asian descent to visit the museum – many for the first time. We have extended our £10 Annual Pass, to include residents within a 15-mile radius, and free entry for stable staff, many of whom are young people from low-income households.

Our volunteering programme has a strong wellbeing element, enabling local people from a range of backgrounds to make connections, learn new skills and develop confidence. We also support volunteers with a range of disabilities and mental health conditions. A number of our volunteers have gone on to employment following their volunteer experience.

We are part of the Newmarket Dementia Alliance, committed to welcoming people with dementia, and work closely with the local dementia café, who have visited. We are also working with Vibrant Communities to reach people living in care homes who may be experiencing isolation – especially as a result of the pandemic. We continue to work with Racing Welfare to reach older people at risk of isolation and we have run a free membership scheme with them and staged joint coffee mornings. During 2021 we have also worked to develop access to our collection online, which will be delivered in summer 2022.

The Museum's Collection and Acquisitions

The Museum responds to offers for objects on loan and available for purchase, proactively sourcing loans, and acquisitions in line with its Collections Development Policy, with particular focus on securing long-term material for the displays at the Museum. The Trustees are grateful to all those who have supported the development of the Museum through either gifts or loans to the collections. The Collection Development policy was reviewed and agreed by the Trustees in July 2021.

As part of the Arts Council's Acceptance in Lieu Scheme the Museum was fortunate to receive a painting 'Lord Henniker's grey mare 'Fairy' in a stable by Sir Edwin Landseer (1802-73). This painting is one of a pair with Lord Henniker's bay mare 'Brunette'. The Museum is fortunate to already have 'Brunette' on loan from a private collection and on public display in the Fred Packard galleries of Sporting Art (Palace House). The addition of 'Fairy' will unite these paintings and allow them to be seen together, as originally intended.

The Museum also acquired 'The Stewards' Silver Cup' - A George IV silver horseracing trophy and cover. The Cup was made in 1825 by Rebecca Emes and Edward Barnard and is decorated with foliage, acanthus leaves and trailing vines. The cover has a fine, cast, standing horse finial. The centre section is engraved 'Northallerton Races 1835 The Duke of Leeds The Hon'ble Col. Arden Stewards'. The Cup adds considerably to the Museum's collections relating to racecourses of the past.

The Museum continues to maintain the standards expected of a 'National' Museum as set out by the Arts Council Registration and Accreditation Schemes and continues to ensure the highest possible standards of collections care and documentation. Full Accreditation is due to be renewed in 2023.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

The Trustees remain most grateful for the support received during the year from charitable trusts and foundations, generous private donors, and supporters and in particular The Thompson Family Charitable Trust; The British Sporting Art Trust, EBM Charitable Trust; Rockcliffe Charitable Trust and of course, ACE and the NLHF.

Special Exhibitions

The 2021 special exhibitions programme in the Moller Gallery, Thompson Gallery, and Palace House included:

- *Sporting Talk: the forgotten history of everyday speech (May-October)*
- *George Denholm Armour: a lifetime of drawings. (June-November).*
- *Mud Sweat and Tears: A history of jump racing (July-December)*
- *Follow your nose! The history of Beagling (November-April 2022)*

We intend to further our relationships with national and international exhibition partners in future years and are currently developing plans for online as well as onsite exhibitions.

We had previously dedicated the Thompson Gallery to display community projects, but this led to a feeling of marginalisation, rather than the intended inclusion, owing to the gallery's location on the first floor. Discussions have led us to prioritise the most accessible area of the museum – the Atrium – for displaying works with local resonance. To this end, the community art project, *We Are Newmarket* was displayed from November 2021 until March 2022.

Discover Newmarket and The Newmarket Business Improvement District (BID)

The Museum has continued to work with the local joint venture Destination Management Organisation, Discover Newmarket (CIC registration number 9362242), to offer tours of the Museum and other horseracing attractions in the area. In 2021, Discover Newmarket organised visits to the Museum that contributed £5,570 to its income, this low income was inevitably badly affected by the pandemic.

The Museum is also a subscriber to the Newmarket BID 'Love Newmarket', which aims to see a regeneration of the town's High Street area and its prosperity.

Volunteers

The Management and Trustees are indebted to the volunteers who assisted the Museum during 2021. Our volunteering programme, with participants from a variety of non-traditional volunteering backgrounds, has continued to deliver successful engagement and has maintained a stable level of over 80 regular volunteers. The volunteers contribute enormously to the experience of visitors and provide an increasingly important resource in supporting curatorial work. As is explained in the accounting policy on page 19, no financial value is placed on the services provided by volunteers.

Fundraising

During 2021 the Museum was the very grateful recipient of a donation from The Thompson Family Charitable Trust for the Museum's endowment fund.

In 2021 the Museum did not engage with any third-party external fundraisers to assist with its fundraising activities and confirms that it has not received any complaints concerning its fundraising activities.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

Diversity

The Museum is committed to encouraging diversity and eliminating discrimination – both visible and invisible. Our aim is that our approach to working with partners and stakeholders, audiences, and participants as well as our own workforce, should be truly representative of all backgrounds and perspectives.

During 2021, the Museum revised its Equality Action Plan, which was adopted by the Trustees at their January meeting. The Museum remains committed to focusing on the following protected characteristics most relevant to our region, our mission, and our collection, notably: age (both older groups and young people), socio-economic deprivation, disabled visitors, and minority ethnic groups – particularly foreign nationals working within horseracing in Newmarket.

Newmarket has been identified as having a particularly low participation level in culture and the arts. Through our community engagement programme, we aim to give local people access to new cultural experiences and seek to remove barriers to participation. Our key aims in increasing and promoting diversity are to ensure access for all, authenticity, community, and cross-cultural collaboration, while celebrating the highest artistic standards. We worked with the Association for Suffolk Museums, Suffolk Young Carers and Sharing Parenting to deliver 100 Easter holiday activity packs to children who are in receipt of Free School meals or otherwise vulnerable despite lockdown conditions preventing access to the Museum.

We aim to ensure equality and fairness for all partners, stakeholders, audiences and participants, trustees, members, volunteers, and employees. We will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, nationality, national origin, religion, belief or sex and sexual orientation, and we oppose all forms of unlawful and unfair discrimination.

Financial Review

The consolidated net income for the year, before transfers and net gains/losses on investments derived from donations, investments and activities designed to generate funds, was £367,254 (2020: £121,224) and net income of £636,823 (2020: net expenditure of £26,671) after net gains/losses on investments.

Within total net income we incurred a surplus for the year on unrestricted general funds of £167,554 (2020: £401,311). This is stated after transfers between the designated, restricted and endowment funds of a total of £60,464; comprising £467,963 from the restricted fund (2020: £122,363), £107,012 (2020: £75,513) from the endowment fund and £514,511 (2020: £Nil) to the designated fund. This leaves a balance carried forward on group unrestricted funds of £601,108. After deducting the amounts represented by Heritage Assets and Other Tangible Fixed Assets, this leaves a balance of free reserves at group level of £407,652. Free reserves at charity level are £283,654.

The Trustees are pleased that for the first time, free reserves at group level of £407,652 now exceed their aim of three months of operating costs of approximately £300,000 (for further detail see the reserves policy paragraph). The Museum management team's planning goal will continue to be building the profitability and financial resilience for the medium and long term with less reliance on grants from Arts Council England and the National Lottery Heritage Fund.

The overall year-end balance of unrestricted, designated, and restricted funds was £14,891,509 (2020: £14,962,268), excluding endowment fund balances of £3,396,797 (2020: £2,689,215) (see note 23).

A key feature of the Museum's financial structure is its endowment fund. This fund is important in that, whilst part of its capital cannot be spent on day-to-day operations, income from the fund can be used to support the Museum's activities. The endowment fund includes the HLF Catalyst Endowment Fund, which now holds investment assets valued at £2,365,797 (2020: £2,158,215), and a further £500,000 which was received during the year from the Thompson Family Charitable Trust. The endowment fund also includes £500,000 (2020: £500,000) of expendable endowment which provides the Charitable Company with a buffer in the event of a shortfall of income.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

Reserves Policy

In line with guidance published by the Charities Commission, the Trustees are concerned to establish an adequate level of unrestricted reserves to enable the organisation to carry out its charitable objectives and to safeguard its activities in the event of unplanned financial challenges.

The Museum currently holds an endowment fund of £3,396,797, restricted funds for specific purposes of £947,879, designated funds of £13,342,522 and an unrestricted operational fund of £601,108.

The Trustees' policy is to build the endowment fund to such a level that the income from it will be sufficient to cover the core operating costs.

The Trustees' policy with regard to unrestricted reserves (funds not tied to fixed assets, designated, or restricted funds) has been to maintain sufficient resources to meet its obligations as they fall due. Mindful of the need to protect the organisation against future financial challenges through either unplanned operational costs, loss of grant income or unexpected reductions in commercial income, the Trustees are pleased that for the first time the level of free reserves at group level now exceeds its target of three months of operating costs of approximately £300,000 although they are still slightly below this amount at the charity level. The Museum Executive's planning goal will continue to be building profitability and financial resilience for the medium and long term with less reliance on grants from organisations such as Arts Council England (ACE).

In line with Charities Commission advice, financial performance will be kept under regular review by the Audit and Performance Committee (Finance, Fundraising & Commerce), under delegated authority from the full Board, and will be reviewed annually by the full Board in order to ensure that there is an appropriate balance between monies tied up in free reserves and sums available to be spent for charitable activities.

Future Plans

Throughout the reporting period the COVID-19 pandemic continued to have a significant effect on the Museum's ability to achieve its planned objectives. The Trustees and Executive are working on securing continuity of existing grants and seeking new sources of income to establish long term financial equilibrium in the Museum's day-to-day activities through:

- re-energising the Campaign Board and appointing a professional fund-raiser to focus on securing new endowments with the long-term objective of delivering an endowment fund in excess of £10 million;
- ensuring that all expectations of the principal grant-making bodies are met by their review dates, ensuring these income streams, which are currently key to the on-going operations of the Museum are secure. These key institutions include the Arts Council England and West Suffolk Council, who between them have provided support in excess of £539,538 during 2021, including access to emergency relief funding, for which the Trustees are extremely grateful;
- continuing to engage with the horse racing industry with new initiatives to attract visitors; including hosting horse racing's "Hall of Fame" with its international appeal and developing an industry wide members reward package for Museum members;
- strengthening the Executive and Trustee board notably in areas of marketing and retail to drive visitor numbers and trading income.

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Report of the Trustees for the year ended 31 December 2021 (Continued)

Investment Policy

Management of the Charitable Company's investment portfolio is delegated by the Trustees to Smith & Williamson Investment Management, who advise the Trustees on investment performance. The investment advisors are given the freedom they need to achieve the best results practicable in the circumstances without specific constraints on such matters as social, ethical, or environmental considerations.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Charitable Company's financial statements. Full details of the Trustees' reasoning for the adoption of the going concern basis are included in the going concern note in the accounting policies section of the financial statements.

Trustees' Responsibilities for the Financial Statements

Charity law and company law both require the Trustees (who also act as Directors for the purposes of company law) to prepare for each financial year financial statements which give a true and fair view of the state of affairs of the Charitable Company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees are required to follow best practice and:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and 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 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.

Auditors

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditors will be put to the Trustees at the Annual General Meeting.

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware:

- there is no relevant audit information of which the auditors are unaware; and
- they 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Trustees on

.....
Hon. Frances Stanley (Chair of Trustees)

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Independent Auditor's Report to the Members and Trustees of The National Horseracing Museum

Opinion

We have audited the financial statements of The National Horseracing Museum (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities incorporating the Income and Expenditure Account, the Consolidated and Charity Balance Sheets, the Group and Charity Cash Flow Statements 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 group's and the parent charitable company's affairs as at 31 December 2021 and of the group's 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 and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 group and parent 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 group's or parent 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 Report of the Trustees other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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 NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Independent Auditor's Report to the Members and Trustees of The National Horseracing Museum
(Continued)

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, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent 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 group or parent 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.

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Independent Auditor's Report to the Members and Trustees of The National Horseracing Museum
(Continued)

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 group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are 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, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Report of the Trustees, remaining alert to new or unusual transactions which may not be in accordance with the governing documents and inquiring of management whether the company is in compliance with these law and regulations.

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

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

Use of our report

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

Claire Sutherland

CLAIRE SUTHERLAND (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB
Date 03/08/22

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Consolidated Statement of Financial Activities incorporating the Income and Expenditure Account for the year ended 31 December 2021

	Note	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2021 £	Total 2020 £
Income from:							
Donations and legacies	3	546,110	-	158,955	500,000	1,205,065	1,389,881
Charitable activities	4	137,177	-	-	-	137,177	67,351
Other trading activities	5	110,387	-	-	-	110,387	78,603
Investments	2	38	-	-	107,012	107,050	87,306
Other income	6	252,290	-	-	-	252,290	285,133
Total income		1,046,002	-	158,955	607,012	1,811,969	1,908,274
Expenditure on:							
Raising funds	7	202,735	-	-	-	202,735	342,076
Charitable activities	8	736,177	285,067	220,736	-	1,241,980	1,444,974
Total expenditure		938,912	285,067	220,736	-	1,444,715	1,787,050
Net gains/(losses) on investments	16	-	-	61,987	207,582	269,569	(147,895)
Net income/(expenditure)		107,090	(285,067)	206	814,594	636,823	(26,671)
Transfers between funds	23/25	60,464	514,511	(467,963)	(107,012)	-	-
Net movement in funds		167,554	229,444	(467,757)	707,582	636,823	(26,671)
Reconciliation of funds:							
Fund balances brought forward	23/25	433,554	13,113,078	1,415,636	2,689,215	17,651,483	17,678,154
Fund balances carried forward	23/25	601,108	13,342,522	947,879	3,396,797	18,288,306	17,651,483

All recognised gains and losses are included within the above statement. All amounts relate to continuing activities.

The notes on pages 19 to 37 form part of these financial statements.

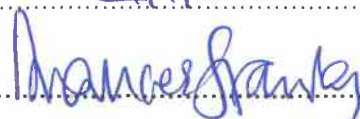
THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not
having share capital)

Company number: 1592031
Charity number: 283656

Consolidated Balance Sheet at 31 December 2021

	Note	2021	2020
		£	£
Fixed assets			
Tangible fixed assets	13	13,394,000	13,224,908
Heritage assets	15	278,667	272,442
Investments	16	2,935,472	2,661,167
Total fixed assets		16,608,139	16,158,517
Current assets			
Stocks	18	31,329	50,655
Debtors	19	189,604	241,725
Cash at bank and in hand		1,562,493	1,325,776
Total current assets		1,783,426	1,618,156
Liabilities			
Creditors falling due within one year	20	(103,259)	(125,190)
Net current assets		1,680,167	1,492,966
Net assets		18,288,306	17,651,483
The funds of the group:			
Unrestricted funds			
General fund	23	601,108	433,554
Designated Palace House fund	23	12,828,011	13,113,078
Designated Mews Project fund	23	514,511	-
Restricted funds	25	947,879	1,415,636
Endowment funds	23	3,396,797	2,689,215
Total group funds		18,288,306	17,651,483

The financial statements on pages 15 to 37 were approved by the Trustees and authorised for issue on 22/11/2022

 Hon. Frances Stanley (Chair of Trustees)

 Annette Green (Trustee)

Charity Balance Sheet at 31 December 2021

	Note	2021	2020
		£	£
Fixed assets			
Tangible fixed assets	14	13,380,774	13,215,497
Heritage assets	15	278,667	272,442
Investments	16	2,935,473	2,661,168
Total fixed assets		16,594,914	16,149,107
Current assets			
Stocks	18	-	-
Debtors	19	205,848	308,775
Cash at bank and in hand		1,434,896	1,139,665
Total current assets		1,640,744	1,448,440
Liabilities			
Creditors falling due within one year	20	(84,576)	(109,831)
Net current assets		1,556,168	1,338,609
Net assets		18,151,082	17,487,716
The funds of the charity:			
Unrestricted funds			
General fund	24	463,884	269,787
Designated Palace House fund	24	12,828,011	13,113,078
Designated Mews Project fund	24	514,511	-
Restricted funds	25	947,879	1,415,636
Endowment funds	24	3,396,797	2,689,215
Total charity funds		18,151,082	17,487,716

As permitted by s408 Companies Act 2006, the Charity has not presented its own profit and loss account and related notes as it prepares group accounts. The Charity's surplus for the year was £663,366 (2020: £27,144 deficit).

The financial statements on pages 15 to 37 were approved by the Trustees and authorised for issue on

22/7/2022

 Hon. Frances Stanley (Chair of Trustees)

 Annette Green (Trustee)

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Cash flow statements for the year ended 31 December 2021

	Note	2021		2020	
		Group £	Charity £	Group £	Charity £
Net cash provided by operating activities	a	634,567	687,369	429,330	353,145
Cash flows from investing activities					
Interest income		38	-	793	793
Investment income		107,012	107,012	86,513	86,513
Movement in investment cash		4,299	4,299	(11,355)	(11,355)
Purchase of investments		(250,006)	(250,006)	(492,512)	(492,512)
Purchase of tangible fixed assets		(493,939)	(488,189)	(75,986)	(75,986)
Purchase of heritage assets		(6,225)	(6,225)	(5,000)	(5,000)
Proceeds on disposal of tangible fixed assets		-	-	2,416	2,416
Proceeds on disposal of investments		240,971	240,971	502,586	502,586
Cash (used in)/generated by investing activities		(397,850)	(392,138)	7,455	7,455
Increase in cash and cash equivalents in year		236,717	295,231	436,785	360,600
Cash and cash equivalents at the beginning of the year		1,325,776	1,139,665	888,991	779,065
Cash and cash equivalents at the end of the year	b	1,562,493	1,434,896	1,325,776	1,139,665
Relating to:					
Cash at bank and in hand		1,562,493	1,434,896	1,325,776	1,139,665

Note a. Reconciliation of net movement in funds to net cash inflow from operating activities

	2021		2020	
	Group £	Charity £	Group £	Charity £
Net income/(expenditure) for the year	636,823	663,366	(26,671)	(27,144)
Depreciation charge	307,586	303,200	318,690	313,832
Loss/(profit) on disposal of tangible fixed assets	17,259	19,712	(1,892)	(1,892)
Investment (gains)/losses	(269,569)	(269,569)	149,176	149,176
Investment income	(107,050)	(107,012)	(87,306)	(87,306)
Decrease in stock	19,326	-	6,276	-
Decrease in debtors	52,121	102,927	149,323	66,544
Decrease in creditors	(21,929)	(25,255)	(78,266)	(60,065)
Net cash provided by operating activities	634,567	687,369	429,330	353,145

Note b. Analysis of changes in net funds

	1 January 2021 £	Cash flow £	31 December 2021 £
CHARITY – Cash at bank and in hand	1,139,665	295,231	1,434,896
GROUP – Cash at bank and in hand	1,325,776	236,717	1,562,493

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Notes forming part of the financial statements for the year ended 31 December 2021

1 ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

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) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The National Horseracing Museum is a Charitable Company limited by guarantee, incorporated in England and Wales which meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling, which is the functional currency of the Charitable Company. Monetary amounts in these financial statements are rounded to the nearest £.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the Charitable Company and those of its trading subsidiary, Palace House Trading Ltd, for the year ended 31 December 2021 on a line-by-line basis. A separate Statement of Financial Activity (SOFA) is not presented because the Charitable Company has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

Going concern

The group finances its day-to-day operations primarily from grants and donations including historically an annual grant from Arts Council England within its National Portfolio. The Museum has applied to Arts Council England for an annual grant within this programme at the same level covering the period from 2023/24 to 2025/26 and will be advised of their decision in October 2022. The Trustees have prepared forecasts and projections through to 31 December 2023 based on a number of potential scenarios, including not receiving the annual grant from Arts Council England within the National Portfolio. After reviewing these forecasts and projections, with the back-up of an expendable endowment of £500,000, which can be utilised to meet costs and losses incurred as a result of the continued impact of the Covid-19 pandemic, at the time of approving these financial statements, the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for at least the next 12 months. The Trustees therefore consider it appropriate to continue to adopt the going concern basis in preparing the group's financial statements.

Income

All grants, donations and income from charitable activities are recognised when the Charitable Company is legally entitled to the income and the amount can be quantified with reasonable probability. Income is only deferred when admission fees or other income are received in advance.

Income from other trading activities is recognised as earned when the related goods and services are provided.

Investment income is recognised on a receivable basis.

Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated in these financial statements. Their valuable contribution is recognised in the Report of the Trustees.

There are no donated services or facilities to recognise in these financial statements. If services are provided to the Charitable Company as a donation that would normally be purchased from suppliers, these will be included in the financial statements at an estimate of the value of the contribution to the Charitable Company.

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

1 ACCOUNTING POLICIES (Continued)

Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services when supplied or when a constructive obligation arises which results in the payment being unavoidable.

- Costs of raising funds are those costs incurred in running the Museum Café, Gift Shop, Tours and Fundraising Events and, in these consolidated accounts, include the costs incurred by the trading subsidiary.
- Charitable activities relate to the costs of running of the Museum.
- Support costs have been allocated to the relevant activity cost categories on a basis consistent with the use of those resources. This has been via an estimated percentage by the Trustees where it is not practical to identify actual costs.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to that category. The Charitable Company is partially culturally exempt, and irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Museum collections heritage assets

The collection consists of historic assets associated with horseracing. The value shown in the accounts is that of purchases added to the collection over a period of years. No value has been attributed to donated items added to the collection prior to 2005.

The Trustees consider that the historic nature of the collections, which is displayed in the National Horseracing Museum in furtherance of the Charitable Company's objects, is such that it is not appropriate to place a value on the entire collection, as the significant cost involved would be onerous compared with the additional benefit derived by the users of the financial statements.

No provision is made for diminution in value of the Museum collections, as in the opinion of the Trustees its value is maintained.

Tangible fixed assets and depreciation

Tangible fixed assets (those items purchased costing in excess of £350) are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis, over its expected life as follows:

Leasehold property	- over 50 years
Computer equipment	- over 3 years
Other equipment/fixtures, fittings, furniture	- over 5 years
Motor vehicles	- over 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were the age and in the condition expected at the end of its useful life.

Tangible fixed assets are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the net movement in funds.

Investments

Listed fixed asset investments are included in the balance sheet at their bid valuation, as advised by the Investment Managers, adjusted for impairment in value. Realised and unrealised gains or losses from the respective sale and revaluation of investments are separately identified in the Statement of Financial Activities.

Investment in subsidiary

In the separate accounts of the Charitable Company, the interest in the subsidiary is initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

The interest in the subsidiary is assessed for impairment at each reporting date. Any impairment loss or reversal of impairment losses are recognised immediately in the net movement in funds.

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

1 ACCOUNTING POLICIES (Continued)

Stock

Stock, being goods held for resale, is stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis. Net realisable value is based on estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss.

Operating leases

Rental expenditure applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Financial instruments

The Charitable Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Charitable Company becomes a party to the contractual provisions of the instrument.

Financial assets

Basic financial assets including trade and other receivables are initially measured at transaction price (including transaction costs) and are subsequently carried at amortised cost using the effective interest method.

Financial instruments at fair value

Trade investments

Trade investments are equity investments over which the Charitable Company has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred. Trade investments are measured at fair value through profit or loss or cost less impairment if fair value cannot be measured reliably.

The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price.

Financial liabilities

Basic financial liabilities, including trade and other payables are recognised at transaction price. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities where payment is due within one year or less. If not, they are presented as creditors due after more than one year. Trade and other payables are subsequently measured at amortised cost.

Pensions

The Charitable Company contributes to the personal pension plans of certain employees. The cost is charged to the income and expenditure account as contributions fall due.

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The contributions payable by the group at year end are £3,194 (2020: £3,932), which is shown in other creditors.

Taxation

The Charitable Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

1 ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Fund accounting

The Charitable Company maintains various types of funds as follows:

Endowment funds

The HLF Catalyst endowment fund represents monies raised to establish a permanent endowment fund which will continue in perpetuity and only investment income from the endowment fund may be drawn upon for transfer to the General Fund. The expendable endowment fund relates to funds received towards an expendable endowment. The endowment can be used to help the Museum cover the costs of the COVID-19 pandemic.

Restricted funds

The restricted funds represent monies received to fund specific activities and to purchase certain items for the collection as set out in note 25 of the financial statements.

Unrestricted funds

General unrestricted funds represent monies which are expendable at the discretion of the Trustees in the furtherance of the objects of the Charitable Company. Such funds may be held in order to finance both working capital and capital investment.

Designated funds

The designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees, as set out in note 23 of the financial statements.

Legal status of the Charitable Company

The Charitable Company has no share capital but is limited by guarantee. Every member of the Charitable Company is a guarantor and undertakes to contribute such amounts as may be required to the assets of the Charitable Company in the event of it being wound up. Each guarantor's liability is limited to £1.

Critical accounting estimates and areas of judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The carrying value of the Museum's collection of heritage assets is held at cost and not depreciated. In concluding that these assets are not impaired management makes estimates as to the current value of the assets and their value in use.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Charitable Company as lessee.

The Charitable Company accounts for depreciation on leasehold property in accordance with FRS 102. Properties are depreciated over their estimated useful life, taking into account any residual value. Judgements are made on the residual values and estimated useful live of the assets which are regularly reviewed. The Trustees have taken the decision to hold the leasehold property in a separate designated fixed asset fund.

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Notes forming part of the financial statements for the year ended 31 December 2021 *(Continued)*

2 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	2021 £	2020 £
Listed investments	-	-	-	107,012	107,012	86,513
Bank deposits	38	-	-	-	38	793
	<u>38</u>	<u>-</u>	<u>-</u>	<u>107,012</u>	<u>107,050</u>	<u>87,306</u>

3 INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	2021 £	2020 £
Donations	546,110	158,955	-	500,000	1,205,065	1,389,881
	<u>546,110</u>	<u>158,955</u>	<u>-</u>	<u>500,000</u>	<u>1,205,065</u>	<u>1,389,881</u>

Details on the contribution of volunteers to the Charitable Company have been included within the Report of the Trustees, on page 9.

4 INCOME FROM CHARITABLE ACTIVITIES

	2021 £	2020 £
Unrestricted income		
Admissions	104,500	60,285
Other income	32,677	7,066
	<u>137,177</u>	<u>67,351</u>

5 INCOME FROM OTHER TRADING OPERATIONS

	2021 £	2020 £
Fundraising activities and shop	8,625	-
Palace House Trading	101,762	78,603
	<u>110,387</u>	<u>78,603</u>

THE NATIONAL HORSERACING MUSEUM
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Notes forming part of the financial statements for the year ended 31 December 2021 *(Continued)*

6 OTHER INCOME

	2021 £	2020 £
Government Coronavirus Job Retention Scheme	73,894	114,139
Government Local Restrictions Support Scheme	178,396	86,000
Insurance claim	-	84,994
	<u>252,290</u>	<u>285,133</u>

There are no unfulfilled conditions or other contingencies attaching to government grants received.

7 ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
Other activities	1,268	-	-	-	1,268	513
Fundraising activities and events	11,251	-	-	-	11,251	183,010
Support costs	11,289	-	-	-	11,289	13,834
Palace House Trading	178,927	-	-	-	178,927	144,719
	<u>202,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,735</u>	<u>342,076</u>

8 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
Wages	15,455	-	-	-	15,455	3,819
Exhibition and conservation costs	2,568	28,792	-	-	31,360	36,903
Support costs	718,154	191,944	285,067	-	1,195,165	1,404,252
	<u>736,177</u>	<u>220,736</u>	<u>285,067</u>	<u>-</u>	<u>1,241,980</u>	<u>1,444,974</u>

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Notes forming part of the financial statements for the year ended 31 December 2021 *(Continued)*

9 ALLOCATION OF GOVERNANCE AND SUPPORT COSTS

The Charitable Group allocates its support and governance costs as shown below. Support and governance costs are allocated on a basis consistent with the use of resources.

Support cost	Raising funds £	Charitable activities £	Total 2021 £	Total 2020 £
Wages and salaries	-	554,007	554,007	664,702
Property costs	455	149,449	149,904	178,957
Depreciation and loss on disposal	3,302	319,610	322,912	311,940
Advertising and publicity costs	1,618	32,378	33,996	67,190
Administration costs	5,914	139,721	145,635	195,297
	<u>11,289</u>	<u>1,195,165</u>	<u>1,206,454</u>	<u>1,418,086</u>

10 MOVEMENT IN TOTAL FUNDS FOR THE YEAR

	2021 £	2020 £
This is stated after charging/(crediting):		
Auditor's remuneration: - statutory audit of charity	16,995	15,500
- statutory audit of subsidiary	3,100	4,500
Accountancy services	4,375	4,240
Tax advisory services	1,285	1,250
Depreciation of tangible fixed assets	307,586	318,690
Loss/(profit) on disposal of tangible fixed assets	17,259	(1,891)
Operating lease rentals – plant & machinery	6,992	15,374

11 STAFF NUMBERS

	2021 Number	2020 Number
Administration	15	15
Visitor Services/Retail	22	22
	<u>37</u>	<u>37</u>

The above employee numbers include part-time staff. An estimate of the average number of full-time equivalent employees is 21 (2020: 17).

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Notes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)

12 STAFF COSTS, TRUSTEE REMUNERATION AND THE COST OF KEY MANAGEMENT PERSONNEL

	2021 £	2020 £
Wages and salaries	546,087	625,659
Social security costs	31,684	50,548
Pension costs	20,678	24,380
	<u>598,449</u>	<u>700,587</u>

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2021 Number	2020 Number
£60,000 - £70,000	1	-
£90,001 - £100,000	-	1

The Trustees of the Museum were not paid and did not receive any other benefits from employment with the Museum in the year (2020: £Nil). Reimbursed expenses for specific travel, accommodation and reimbursement of sundry expenses personally and properly incurred on behalf of the Museum during the year were £155 (2020: £Nil). None of the Trustees received payment for professional or other services supplied to the Charitable Group (2020: £Nil).

The key management personnel of the Museum comprise the Museum Director and the Packard Curator. The total employee remuneration, benefits, and employer costs of the key management personnel of the Charitable Group were £124,800 (2020: £172,021).

Included within wages and salaries are redundancy costs totalling £Nil (2020: £1,981) for the group. These were due to positions no longer being required.

13 TANGIBLE FIXED ASSETS (GROUP)

	Land & Buildings £	Equipment Fixtures Fittings & Furniture £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 January 2021	14,253,346	346,982	44,736	14,645,064
Additions	443,306	50,633	-	493,939
Disposals	-	(132,062)	(24,003)	(156,065)
Transfers	29,630	(29,630)	-	-
At 31 December 2021	14,726,282	235,923	20,733	14,982,938
<i>Depreciation</i>				
At 1 January 2021	1,140,268	235,593	44,295	1,420,156
Charge for the year	285,067	21,700	819	307,586
Eliminated on disposals	-	(114,381)	(24,423)	(138,804)
At 31 December 2021	1,425,335	142,912	20,691	1,588,938
<i>Carrying value</i>				
At 31 December 2021	13,300,947	93,011	42	13,394,000
At 31 December 2020	13,113,078	111,389	441	13,224,908

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Notes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)

14 TANGIBLE FIXED ASSETS (CHARITY)

	Land & Buildings £	Equipment Fixtures Fittings & Furniture £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 January 2021	14,253,346	324,820	44,737	14,622,903
Additions	443,306	44,883	-	488,189
Disposals	-	(131,078)	(24,003)	(155,081)
Transfers	29,630	(29,630)	-	-
At 31 December 2021	14,726,282	208,995	20,734	14,956,011
<i>Depreciation</i>				
At 1 January 2021	1,140,268	222,843	44,295	1,407,406
Charge for the year	285,067	17,314	819	303,200
Eliminated on disposals	-	(110,946)	(24,423)	(135,369)
At 31 December 2021	1,425,335	129,211	20,691	1,575,237
<i>Carrying value</i>				
At 31 December 2021	13,300,947	79,784	43	13,380,774
At 31 December 2020	13,113,078	101,977	442	13,215,497

Transfer between classes relates to a correction of the classification of costs associated with the Mews Refurbishment project between land & buildings and equipment, fixtures, fittings & furniture.

15 HERITAGE ASSETS (CHARITY AND GROUP)

	2017 £	2018 £	2019 £	2020 £	2021 £
<i>Cost</i>					
1 January 2021	262,142	264,917	267,417	267,442	272,442
Additions	2,775	2,500	25	5,000	6,225
31 December 2021	264,917	267,417	267,442	272,442	278,667

During the year, there were recognised additions of £6,225 (2020: £5,000) donated by the Friends of the National Horseracing Museum, as referred to on page 4.

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

16 FIXED ASSETS INVESTMENTS (CHARITY AND GROUP)

	Shares in subsidiary £	Investment Portfolio Restricted	Investment Portfolio Endowment £	2021 £	2020 £
Market value 1 January 2021	1	491,699	2,140,890	2,632,590	2,791,840
Additions	-	-	250,006	250,006	492,512
Disposal proceeds	-	-	(240,971)	(240,971)	(502,586)
Realised and unrealised investment losses)/gains	-	61,987	207,582	269,569	(149,176)
Market value					
31 December 2021	1	553,686	2,357,507	2,911,194	2,632,590
Cash	-	2,154	22,125	24,279	28,578
Total investments at 31 December 2021	1	555,840	2,379,632	2,935,473	2,661,168
Group	-	555,840	2,379,632	2,935,472	2,661,167
Charity	1	555,840	2,379,632	2,935,473	2,661,168
Historical cost of investments held at 31 December 2021					
Group	-	548,171	2,024,558	2,572,729	2,565,631
Charity	1	548,171	2,024,558	2,572,730	2,565,632

17 INVESTMENT IN SUBSIDIARY – CHARITY

Cost at 1 January and 31 December 2021	£ 1
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The following was a subsidiary undertaking throughout the year and has been included in the consolidated financial statements:

Name of undertaking	Registered office	Class of shareholding	Proportion of nominal value held directly	Nature of business
Palace House Trading Limited (10343747)	Palace House, Palace Street, Newmarket, Suffolk CB8 8EP	Ordinary	100%	Retail, restaurant, café, and event catering services

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

17 INVESTMENT IN SUBSIDIARY – CHARITY (CONTINUED)

Financial statements of the company will be filed with the Registrar of Companies. The company's results for the year ended 31 December 2021 are shown below:

	2021 £	2020 £
Turnover	101,762	78,603
Cost of sales	(62,873)	(34,808)
Gross profit	38,889	43,795
Administrative expenses	(120,954)	(109,904)
Other operating income	50,583	66,589
Interest receivable	38	-
Interest payable	-	(7)
(Loss)/profit before taxation	(31,444)	473
Tangible fixed assets	8,326	9,411
Current assets	163,017	239,395
Current liabilities	(432,629)	(478,648)
Net liabilities and reserves	(261,286)	(229,842)

18 STOCK

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Goods held for resale	31,329	50,655	-	-

During the year, an impairment loss of £19,000 (2020 - £Nil) was recognised. No earlier stock write-downs have been reversed during the current, or preceding, period.

19 DEBTORS

	Group 2021 £	2020 £	Charity 2021 £	2020 £
Trade debtors	4,497	4,458	2,693	2,587
Amounts owed by subsidiary	-	-	15,424	69,679
Other debtors	30,617	110,717	35,528	110,670
Prepayments and accrued income	154,490	126,550	152,203	125,839
	189,604	241,725	205,848	308,775

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	33,610	33,913	26,816	28,597
Other creditors	19,851	32,324	19,728	32,181
Other taxes and social security	12,781	14,550	12,311	14,035
Accruals and deferred income	37,017	44,403	25,721	35,018
	<u>103,259</u>	<u>125,190</u>	<u>84,576</u>	<u>109,831</u>

21 GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current assets £	Total 2021 £
General fund	141,978	51,478	-	407,652	601,108
Designated funds	-	13,342,522	-	-	13,342,522
Restricted funds	136,689	-	555,840	255,350	947,879
Endowment fund	-	-	2,379,632	1,017,165	3,396,797
	<u>278,667</u>	<u>13,394,000</u>	<u>2,935,472</u>	<u>1,680,167</u>	<u>18,288,306</u>

Prior year -

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current assets £	Total 2020 £
General fund	135,753	111,830	20,455	165,516	433,554
Designated funds	-	13,113,078	-	-	13,113,078
Restricted funds	136,689	-	493,852	785,095	1,415,636
Endowment fund	-	-	2,146,860	542,355	2,689,215
	<u>272,442</u>	<u>13,224,908</u>	<u>2,661,167</u>	<u>1,492,966</u>	<u>17,651,483</u>

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

22 CHARITY ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current assets £	Total 2021 £
General fund	141,978	38,252	-	283,654	463,884
Designated funds	-	13,342,522	-	-	13,342,522
Restricted funds	136,689	-	555,841	255,349	947,879
Endowment fund	-	-	2,379,632	1,017,165	3,396,797
	<u>278,667</u>	<u>13,380,774</u>	<u>2,935,473</u>	<u>1,556,168</u>	<u>18,151,082</u>
Prior year –					
	Heritage Assets £	Other tangible Fixed assets £	Investments £	Net current assets £	Total 2020 £
General fund	135,753	102,419	20,455	11,160	269,787
Designated funds	-	13,113,078	-	-	13,113,078
Restricted funds	136,689	-	493,853	785,094	1,415,636
Endowment fund	-	-	2,146,860	542,355	2,689,215
	<u>272,442</u>	<u>13,215,497</u>	<u>2,661,168</u>	<u>1,338,609</u>	<u>17,487,716</u>

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Notes forming part of the financial statements for the year ended 31 December 2021 *(Continued)*

23 GROUP ANALYSIS OF MOVEMENTS IN UNRESTRICTED, DESIGNATED AND ENDOWMENT FUNDS

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 December 2021 £
General fund	433,554	1,046,002	(938,912)	60,464	-	601,108
Designated funds:						
Palace House fund	13,113,078	-	(285,067)	-	-	12,828,011
Mews Project fund	-	-	-	514,511	-	514,511
Endowment funds:						
HLF Catalyst Endowment Fund	2,158,215	107,012	-	(107,012)	207,582	2,365,797
Expendable endowment	500,000	-	-	-	-	500,000
Jim Joel Legacy Scheme	31,000	-	-	-	-	31,000
Thompson Family Charitable Trust	-	500,000	-	-	-	500,000
	<u>16,235,847</u>	<u>1,653,014</u>	<u>(1,223,979)</u>	<u>467,963</u>	<u>207,582</u>	<u>17,340,427</u>

Prior year –

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers £	Investment losses £	Balance at 31 December 2020 £
General fund	32,243	1,125,971	(922,536)	197,876	-	433,554
Designated funds:						
Palace House fund	13,398,145	-	(285,067)	-	-	13,113,078
Endowment funds:						
HLF Catalyst Endowment Fund	2,213,309	86,513	(2,305)	(86,513)	(52,789)	2,158,215
Expendable endowment	-	500,000	-	-	-	500,000
Jim Joel Legacy Scheme	-	20,000	-	11,000	-	31,000
	<u>15,643,697</u>	<u>1,732,484</u>	<u>(1,209,908)</u>	<u>122,363</u>	<u>(52,789)</u>	<u>16,235,847</u>

The designated Palace House and Mews Project funds reflect the net book values of those assets at the reporting date. Transfers into the Mews Project fund in the current year reflect the capital spend on those assets, funded by both restricted and unrestricted funds during the year. Expenditure on the Palace House fund reflects depreciation charged on these assets in the year.

All capital raised for the Heritage Lottery Fund Endowment Fund will form a permanent fund. The investment income of £107,012 (2020: £86,513) derived from this fund is eligible for transfer to the General Fund and was so transferred.

The Jim Joel Legacy Scheme relates to endowed income received in 2020 in recognition of Mr Joel's contribution to UK racing – this scheme, sponsored by the Childwick Trust who gave £31,000 to set up the scheme to encourage legacy giving.

The long-term operational support endowment income was received in the year, and the specific terms of this endowment will be confirmed in the coming year.

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

24 CHARITY ANALYSIS OF MOVEMENTS IN UNRESTRICTED, DESIGNATED AND ENDOWMENT FUNDS

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 December 2021 £
General fund	269,787	921,099	(787,466)	60,464	-	463,884
Designated funds:						
Palace House fund	13,113,078	-	(285,067)	-	-	12,828,011
Mews Project fund	-	-	-	514,511	-	514,511
Endowment funds:						
HLF Catalyst Endowment Fund	2,158,215	107,012	-	(107,012)	207,582	2,365,797
Expendable endowment	500,000	-	-	-	-	500,000
Jim Joel Legacy Scheme	31,000	-	-	-	-	31,000
Long-term operational support	-	500,000	-	-	-	500,000
	16,072,080	1,528,111	(1,072,053)	467,963	207,582	17,203,203

Prior year –

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers £	Investment losses £	Balance at 31 December 2020 £
General fund	(131,051)	980,779	(777,817)	197,876	-	269,787
Designated funds:						
Palace House fund	13,398,145	-	(285,067)	-	-	13,113,078
Endowment funds:						
HLF Catalyst Endowment Fund	2,213,309	86,513	(2,305)	(86,513)	(52,789)	2,158,215
Expendable endowment	-	500,000	-	-	-	500,000
Jim Joel Legacy Scheme	-	20,000	-	11,000	-	31,000
	15,480,403	1,587,292	(1,065,189)	122,363	(52,789)	16,072,080

The designated Palace House and Mews Project funds reflect the net book values of those assets at the reporting date and includes £41,575 of equipment installed during the refurbishment. Transfers into the Mews Project fund in the current year reflect the capital spend on those assets, funded by both restricted and unrestricted funds during the year. Expenditure on the Palace House fund reflects depreciation charged on these assets in the year.

All capital raised for the Heritage Lottery Fund Endowment Fund will form a permanent fund. The investment income of £107,012 (2020: £86,513) derived from this fund is eligible for transfer to the General Fund and was so transferred.

The Jim Joel Legacy Scheme relates to endowed income received in 2020 in recognition of Mr Joel's contribution to UK racing – this scheme, sponsored by the Childwick Trust who gave £31,000 to set up the scheme to encourage legacy giving.

The long-term operational support endowment income was received in the year, and the specific terms of this endowment will be confirmed in the coming year.

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

25 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS

Charity and Group	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 December 2021 £
1) Museum Collection Purchases	136,689	-	-	-	-	136,689
2) Exhibition Donations	13,439	25,000	(25,000)	-	-	13,439
3) Project Posts Funding	74,616	-	(48,678)	-	-	25,938
4) Relocation Funds	(13,875)	-	-	13,875	-	-
5) Education Funds	32,766	34,818	(36,818)	-	-	30,766
6) Other	7,668	-	-	-	-	7,668
7) HLF Resilience	67,708	-	(78,620)	10,747	-	(165)
8) Completion of Permanent Galleries	177,958	5,000	(5,000)	-	3,042	181,000
9) The Hon John Lambton Voluntary Settlement	919,867	-	-	(444,057)	58,945	534,755
10) Rank Foundation	(1,200)	-	-	1,200	-	-
11) KickStart	-	25,356	(25,356)	-	-	-
12) COVID continuity	-	19,053	(1,264)	-	-	17,789
13) Mews garden - ENTRUST	-	49,728	-	(49,728)	-	-
	<u>1,415,636</u>	<u>158,955</u>	<u>(220,736)</u>	<u>(467,963)</u>	<u>61,987</u>	<u>947,879</u>

A transfer of £13,875 was made from unrestricted funds into the Relocation funds representing the deficit on this fund for which there is no longer a reasonable expectation that additional funds will be received.

A transfer of £10,747 was made from unrestricted funds to the HLF Resilience fund relating to furlough income received during the year for restricted staff.

A transfer of £444,057 has been made from The Hon John Lambton Voluntary Settlement fund, relating to the capital cost of works performed on the Mews Project in the year. The unspent balance on this fund is expected to be transferred into endowment funds, in line with the terms of the donation, in 2023 when the final costs relating to the project are recognised.

A transfer of £1,200 was made from unrestricted funds into the Rank Foundation fund representing the deficit on this fund for which there is no longer a reasonable expectation that additional funds will be received.

A transfer of £49,728 was made from the Mews garden fund in the year, representing the capital costs incurred on the redevelopment of the garden at the Mews site, in line with the terms of the funding.

Prior year –

Charity and Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers £	Investment losses £	Balance at 31 December 2020 £
1) Museum Collection Purchases	131,689	5,000	-	-	-	136,689
2) Exhibition Donations	13,439	-	-	-	-	13,439
3) Project Posts Funding	140,714	-	(60,463)	(5,635)	-	74,616
4) Relocation Funds	(13,875)	-	-	-	-	(13,875)
5) Education Funds	11,184	55,870	(25,870)	(8,418)	-	32,766
6) Other	9,414	-	(1,746)	-	-	7,668
7) HLF Resilience	72,802	99,920	(113,128)	8,114	-	67,708
8) Completion of Permanent Galleries	368,204	10,000	(108,862)	(88,764)	(2,620)	177,958
9) Retraining of Racehorses	27,660	-	-	(27,660)	-	-
10) The Hon John Lambton Voluntary Settlement	1,033,079	-	(20,726)	-	(92,486)	919,867
11) Rank Foundation	15,147	-	(16,347)	-	-	(1,200)
12) Racing Foundation	225,000	-	(225,000)	-	-	-
13) Jim Joel Legacy Scheme	-	5,000	(5,000)	-	-	-
	<u>2,034,457</u>	<u>175,790</u>	<u>(577,142)</u>	<u>(122,363)</u>	<u>(95,106)</u>	<u>1,415,636</u>

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Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)

25 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS (Continued)

Details on the funds for which there is a balance at the year-end are as follows:

1) Museum Collection Purchases

Represents amounts received from the Friends of the National Horseracing Museum for the purpose of acquiring items for the permanent collection. £136,689 is represented by heritage assets and is considered to have been fully spent in accordance with the terms of the original restriction.

2) Exhibition Donations

This fund is for amounts received for expenditure relating to specific exhibitions.

3) Project Posts Funding

Income which has been acquired for a fixed period for the purpose of project development and funding additional employee costs in relation to the project.

4) Education Funds

Monies received to facilitate continued employment of Education Officer, education activities and marketing of the education function.

5) Other

Various smaller grants and donations received for specific purposes.

6) NLHF Resilience

Grant from the National Lottery Heritage Fund to develop new commercial income through the implementation of a new marketing strategy.

7) Completion of Permanent Galleries

Funds received to facilitate works to complete and improve the galleries and visitor experience.

8) The Hon John Lambton Voluntary Settlement

Grant awarded to assist with the costs of refurbishing the Lecture Hall and Mews Building to be more attractive to visitors. Any monies not spent on the refurbishment will be added to the endowment fund on completion of the project.

9) COVID continuity

Grant awarded to support the development and enhancement of our digital programme, to enable a new way of reaching audiences who are not physically able to access the Museum and were severely disadvantaged by the pandemic

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Notes forming part of the financial statements for the year ended 31 December 2021 *(Continued)*

26 RELATED PARTY TRANSACTIONS

An independent and separately registered charity exists in connection with the National Horseracing Museum in the name of The Friends of the National Horseracing Museum, (charity registration number 291154). Given its independence the Friends' results are not incorporated within these financial statements.

During the year donations were made by the Friends of the National Horseracing Museum of £4,000 (2020: £5,000 to the Heritage Assets collection).

The Charitable Company is a member of Discover Newmarket, a community interest company (registration number 9362242). During the year income of £5,570 (2020: £1,248) was derived from this association in the form of admissions and cafe revenue and purchases in the year totalled £Nil (2020: £5,693). At the year end, a balance of £579 (2020: £163) was owed to the Museum by this entity.

With the consent of the Charity Commission, Trustees indemnity insurance has been purchased as a part of the insurance cover of the Charitable Company as a whole and is not separately identified within total insurance costs of £30,492 (2020: £23,444).

During the year the Charitable Company recharged costs of £Nil (2020: £Nil) to its subsidiary Palace House Trading Ltd. At the year end, a balance of £15,424 (2020: £69,679) owed by the subsidiary was recognised in debtors of the Charitable Company. A further balance of £393,610 (2020: £393,610) owed by the subsidiary have been provided against and has not been recognised in the Charitable Company's debtor balance. During the year there was a management charge totalling £27,300 (2020: £25,563) between the Charitable Company and its subsidiary Palace House Trading Ltd.

Donations from Trustees in the year totalled £5,500 (2020: £8,250), of which £Nil (2020: £8,250) is within accrued income at the year end.

27 FINANCIAL INSTRUMENTS

The carrying amount of the Group and Charity's financial instruments at 31 December were:

	2021 £	2020 £
<i>Financial assets:</i>		
Measured at fair value through SOFA	<u>2,935,472</u>	<u>2,661,167</u>

THE NATIONAL HORSERACING MUSEUM
(A Charitable Company limited by guarantee and not having share capital)

Notes forming part of the financial statements for the year ended 31 December 2021 *(Continued)*

28 ANALYSIS OF PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES BY FUND

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2020 £
Income from:					
Donations and legacies	694,091	-	175,790	520,000	1,389,881
Charitable activities	67,351	-	-	-	67,351
Other trading activities	78,603	-	-	-	78,603
Investments	793	-	-	86,513	87,306
Other income	285,133	-	-	-	285,133
Total income	1,125,971	-	175,790	606,513	1,908,274
Expenditure on:					
Raising funds	342,076	-	-	-	342,076
Charitable activities	580,460	285,067	577,142	2,305	1,444,974
Total expenditure	922,536	285,067	577,142	2,305	1,787,050
Net (losses)/gains on investments	-	-	(95,106)	(52,789)	(147,895)
Net income/(expenditure)	203,435	(285,067)	(496,458)	551,419	(26,671)
Transfers between funds	197,876	-	(122,363)	(75,513)	-
Net movement in funds	401,311	(285,067)	(618,821)	475,906	(26,671)
Reconciliation of funds:					
Fund balances brought forward	32,243	13,398,145	2,034,457	2,213,309	17,678,154
Fund balances carried forward	433,554	13,113,078	1,415,636	2,689,215	17,651,483