



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

Report and Financial Statements

Year Ended 31 December 2019

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

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

### Report of the Trustees for the year ended 31 December 2019

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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 2019.

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 Street, Newmarket, Suffolk, CB8 8EP
Auditors:	RSM UK Audit LLP Abbotsgate House, Hollow Road, Bury St Edmunds, IP32 7FA
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:	Christopher Garibaldi ( <i>to 24 May 2019</i> ) Steven Parissien ( <i>from 14 May 2019 to 2 September 2020</i> ) Anne-Marie Hogan ( <i>from 29 October 2020</i> )
Company Secretary:	Richard Attwell

### 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.

Rachel Hood	– Chair (resigned 31 August 2020 and as Trustee 29 October 2020)
Stephen Bourne	(from 27 July 2020 and Chair from 1 September 2020)
Christopher Tregoning	– Hon Treasurer ( <i>resigned 5 November 2019</i> )
Ian Barlow	
John Chatfeild-Roberts	( <i>appointed 15 January 2019</i> )
Timothy Cox	( <i>resigned 5 November 2019</i> )
Sara Cumani	( <i>resigned 5 November 2019</i> )
Brian Finch	( <i>appointed 29 April 2020</i> )
Richard Frisby	( <i>resigned 5 November 2019</i> )
Sally Goodsir	( <i>appointed 05 February 2020</i> )
Julie Green	( <i>appointed 5 November 2019</i> )
Peter Jensen	( <i>resigned 29 October 2020</i> )
Paul Lindsell	( <i>appointed 5 November 2019</i> )
Nicholas Luck	( <i>appointed 05 February 2020</i> )
Guy Morrison	( <i>resigned 27 July 2020</i> )
Hon. Frances Stanley	
Amy Starkey	
Katherine Stewart	
Paul Taiano	( <i>appointed 05 February 2020</i> )

## **THE NATIONAL HORSERACING MUSEUM**

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

### **Report of the Trustees for the year ended 31 December 2019 (*Continued*)**

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#### **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, also known as the National Heritage Centre) is delegated to the Museum Director and his/her staff. The National Horseracing Museum is the legal entity responsible for running the National Heritage Centre for Horseracing and Sporting Art 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.

Every Trustee is a member of the Charitable Company is a guarantor and 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.

#### **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 of 28 August 2019.

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.
- Any potential Trustees will be interviewed by Nominations Committee comprising of the Board Chair and two other Trustees, together with a representative from the Arts Council.
- 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 NATIONAL HORSERACING MUSEUM

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

### Report of the Trustees for the year ended 31 December 2019 (*Continued*)

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- The Board's size be no less than 10 and no more than 14 Trustees. Of these, three will be appointed as new Company Members.

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 Trustees delegate authority on all strategic and day-to-day matters to the Museum's director and senior staff. 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.

The appointment of Trustees is by proposal according to the skills requirements of the Charitable Company and requires a unanimous positive vote. Representation includes expertise in the financial, legal, racing, fine art and museum fields and representation from The Jockey Club and the Local Authorities (specifically one observer/attendee each from Suffolk County Council and Forest Heath District Council). In addition, Arts Council England, by virtue of the organisation's National Portfolio Organisation status, reserves the right to attend meetings of the full Board. 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 £25 (2018: £2,500).

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.

**THE NATIONAL HORSERACING MUSEUM**  
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**Report of the Trustees for the year ended 31 December 2019 (Continued)**

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**Pay policy for key management personnel**

The Trustees consider that they, along with the senior management team, 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 senior management team 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. An Audit and Performance Committee has been established, and senior management salaries are now set by recommendation of this Committee to the Chair of the Board.

**Risk Management**

The Trustees consider that the principal risks to the Charitable Company are the theft or damage of artworks and the financial risk associated with insufficient income generation to support the Museum's future activities. In March 2020 the Covid-19 pandemic presented a significant new risk with the closure of the Museum for much of the remainder of 2020 and the uncertainty around the future of the public attending the Museum with resulting impact on income streams. Mitigating steps have already been taken in terms of costs reduction and sourcing voluntary income.

The Charitable Company maintains a Risk Register which is reviewed by the Audit & Performance 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.

The Trustees regularly review the financial performance and position of the Museum to ensure that future 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).

**Objectives and Activities**

The National Horseracing Museum aims to be a world-class museum and study centre celebrating the development of thoroughbred racing and breeding in Great Britain and the contribution which Newmarket has made and continues to make to the growth of a major worldwide sport and industry.

Its purpose through the National Heritage Centre for Horseracing and Sporting Art and 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 sector 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 our 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 our collections and exhibitions and to ensure the highest possible standards of collections care and documentation according to Museum Accreditation standards.

**THE NATIONAL HORSERACING MUSEUM**  
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**Report of the Trustees for the year ended 31 December 2019 (Continued)**

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**Objectives and Activities (Continued)**

- 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 our offer across the site through externally sourced investment.
- To promote the museum through traditional and digital marketing and media channels in order to communicate our changing offer.

**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 and use the research services of the Charitable Company.

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 Heritage Centre into the life of Newmarket and its diverse communities, as well as those of the surrounding area.

All three elements of the National Heritage Centre are fully accessible in accordance with the provisions of the Disability Discrimination Acts (1995 & 2005). In addition, the new 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 a general audience alike, thereby contributing to the formal and informal learning offer in the region.

**Economic Benefit**

The Charitable Company is 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 that its activities continue to enhance the participation and enjoyment of as many sections 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 2019 the museum benefited from National Portfolio Organisation (NPO) status, awarded by Arts Council England (ACE), from the National Lottery Heritage Fund (NLHF) and the Racing Foundation. All three of these bodies provided substantial funding with that from ACE and the NLHF being in the form of core funding and the funding from the Racing Foundation being to help with the implementation of the sustainability plan.

Visitor numbers totalled 18,600 paying visitors during the year. And on 28 March 2019 the museum signed a 999-year lease of the site from West Suffolk District Council, thus securing the Museum's home for the future.

2019 saw significant changes in core staffing. The Director, Christopher Garibaldi, left in May 2019 and was replaced with a new Chief Executive, Dr Steven Parissien. In December a new Head of Resources, Anne-Marie Hogan, was appointed to run both the finances and the day-to-day operation of the site, while two 0.5 FTE curators were appointed to the Packard Curatorship.

## THE NATIONAL HORSERACING MUSEUM

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### Report of the Trustees for the year ended 31 December 2019 (*Continued*)

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#### **Achievements and Performance (*Continued*)**

In September 2020, Dr Steven Parissien resigned as Chief Executive and Mrs. Hogan was subsequently appointed as his successor, with the title of Museum Director. In October 2020, curatorial activities were consolidated under the leadership of Dr. Alexandra Fletcher, a career professional with significant curatorial expertise. 2020 saw a further change in leadership following the scheduled end of Rachel Hood's term as Chair of the Board of Trustees, in which capacity she was succeeded by Stephen Bourne, a Chartered Accountant by training, with substantial experience in business and not-for-profit enterprises.

The Trustees and Management are working hard to improve footfall. Having recognised that marketing capacity represents one of the most significant challenges in attracting visitors and broadening the audience base, the new marketing project (funded by the NLHF under their Resilient Heritage Programme) enabled the museum to appoint three new marketing staff during autumn 2019: a Head of Marketing, a Groups and Events Sales Manager and a Digital Marketing Officer. These posts will be funded by the NLHF until the project ends in summer 2021. During 2020 this team has been working on a wide range of marketing activities, including a rebrand of the site and the creation of a wholly new Museum website.

The Museum is committed to working with our local secondary school, Newmarket Academy, and with the local primary schools, all of which represent the bedrock of the community in Newmarket. Our 'Frontrunners' membership scheme targeted at these schools has enabled them to bring student groups throughout the year for a modest annual fee.

We also 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 & 6 pupils in local primary schools. In 2019 we worked with 11 classes, with English as an Additional Language (EAL) of 19% and a Pupil Premium of 11%. We also have an ongoing partnership with our neighbouring primary school, All Saints, where around 30% of pupils have EAL and over 12 languages are spoken.

In 2019 the museum won a 'Learning Outside the Classroom' quality badge and became an accredited 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 have already worked with Newmarket Academy on Explore and Bronze levels, have piloted 'Discover' with a local primary school, and aim to work on 'Discover' with two new local primary schools in 2020.

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. 2019 also saw the second 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 2019 we hosted a school leaver for a one-year traineeship, and from September 2019, we have two more local young people.

We are on the steering group of the emerging Local Cultural Education Partnership for West Suffolk, which aims to give young people greater access to cultural activities, and 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 and are piloting four 'Talking Books' in different languages which aim to engage EAL families with the Museum galleries. We also organise two big free events for local families: 'Fun Palaces' in October and 'Twilight' in February, which we promote through local schools. These events have brought in diverse family groups, many of whom have not visited before.

To encourage more diverse local audiences to visit, in September 2019 the Museum introduced a £10 Annual Pass for local residents and free entry for stable workers, most of whom are young people from low-income households, often on low salaries.



## **THE NATIONAL HORSERACING MUSEUM**

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

### **Report of the Trustees for the year ended 31 December 2019 (Continued)**

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#### **Achievements and Performance (Continued)**

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.

Most of our staff, and many of our volunteers, have undertaken Welcome All and Dementia Friend training. 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 have also run 'Art in Mind' courses for people who have had problems with mental health, in partnership with an artist as part of a Suffolk-wide initiative.

We work with Racing Welfare to reach older people at risk of isolation. We have run a free membership scheme with them and staged joint coffee mornings, including the launch of 'Sporting Memories' cards. We also supported the Racing Welfare project 'Everyone's a Winner', in which an artist worked with Racing Welfare beneficiaries to capture their memories and to create their own memory books. These were displayed in one of the stables in King's Yard for 2019's Art and Music Festival, alongside the pilot artist-in-residence.

#### **The Museum's Collection**

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 loan material for the displays at the National Heritage Centre. The Trustees are grateful to all those who have supported the development of the Museum through either gifts or loans to the collections.

During 2019 Mark Wallinger's *Ghost* was presented to the museum by The British Sporting Art Trust.

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 2022.

The Trustees are most grateful for the support received during the year from charitable trusts and foundations, generous private donors and supporters and in particular ACE, the NLHF, The Racing Foundation, Retraining of Racehorses, The Rank Foundation and The British Sporting Art Trust.

#### **Special Exhibitions**

The 2019 special exhibitions programme in the Moller Gallery was as follows:

- Historical/archive horseracing film from the earliest days of racing (to February 2019)
- George Stubbs: *Anatomist* (April-September), with the British Art Center at Yale University
- George IV and the Horse: *Royalty, Racing and Reputation* (November-April 2020), with the Royal Collection

We intend to build on the relationship with 2019's national and international exhibition partners in future years.

From autumn 2019 the Thompson Gallery was exclusively devoted to community projects. This will provide an excellent, environmentally controlled and high-profile platform for showing work from diverse artists, practitioners, organisations and communities. The gallery offers a neutral and safe space which effectively acts as the cultural interface between the horseracing industry and the wider world.

**THE NATIONAL HORSERACING MUSEUM**  
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**Report of the Trustees for the year ended 31 December 2019 (Continued)**

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**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 of other horseracing attractions in the area. Discover Newmarket made significant progress during 2019, largely thanks to the appointment of a new Director, Tracey Harding, and visits organised to the Museum contributed £12,408 to its income.

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 2019. Our volunteering programme has continued to deliver successful engagement with our participants from a variety of non-traditional volunteering backgrounds 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.

No value is currently placed on the services provided by volunteers, as explained in the accounting policy on page 18.

**Fundraising**

During 2019 the Campaign Board won some significant grant awards, most notably an award of £1 million from the Hon John Lambton Voluntary Settlement to assist with the cost of refurbishing the Mews building to produce an income-generating conference and hire facility with any funds not spent on this project to be added to the endowment fund.

We should note that the Museum does 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.

**Diversity**

The Museum is committed to eliminating discrimination and encouraging diversity – 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 2019, the Museum revised its Creative Case for Diversity for ACE, and committed itself 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 is an important part of the Arts Council's Creative People and Places initiative for West Suffolk, which had 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 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.

## THE NATIONAL HORSERACING MUSEUM

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

### Report of the Trustees for the year ended 31 December 2019 (*Continued*)

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#### Financial Review

The consolidated Net Income for the year was £792k (2018 £5k). This benefitted from donations received of £1,522k which includes a generous gift of £1million from the John Lambton Voluntary Settlement.

Within total Net Income we incurred a deficit for the year on unrestricted general funds of £432k. This is stated after transfers from designated, restricted and endowment funds of a total of £196k; comprising £90k (2018: £11k) from the restricted fund, £91k (2018: £91k) from the endowment fund & £15k (2018: £nil) from the designated fund. This leaves a balance carried forward on unrestricted balances of £32k. After deducting the balances represented by Heritage Assets and Other Tangible Fixed assets totalling £206k, this leaves a deficit balance of free reserves of £174k. Trustees recognise that this does not yet cover their commitment to work towards maintaining free reserves equivalent to three months of operating costs. Trustees however draw assurance from the agreed support from the Arts Council of England of £220k a year until Spring 2022, the annual resilience grant from the Heritage Lottery Fund of £125k a year which lasts until Spring 2021 and the grant received from the Racing Foundation of £300k, to cover general costs for the year to September 2020. In addition, we have been fortunate to receive during 2020 a substantial unrestricted further donation from the John Lambton Voluntary Settlement of £500k which will help build the balance on unrestricted funds, excluding heritage and other fixed assets, towards the target.

The overall year-end balance of unrestricted, designated and restricted funds was £15,464,845 (2018: £14,590,864), excluding endowment fund balances of £2,213,309 (2018: £1,935,067) (see note 23).

A key feature of the Museum's financial structure is the establishment of an endowment fund. This fund is important in that, whilst its capital cannot be spent on day-to-day operations, income from the fund can be used to support the Centre's activities. This endowment fund now holds investment assets valued at £2,213,309 (2018: £1,935,067).

#### 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.

At 31 December 2020, the Museum held an endowment fund of £2,213,309, restricted funds for specific purposes of £2,034,457, designated funds of £13,398,145 and an unrestricted operational fund deficit of £32,243.

The endowment fund is held to generate income to support the organisation's core operating costs. All the resources held in this fund were donated specifically for this purpose. As a result, the capital is not available for operational use. The restricted funds are sums given for specific purposes and can only be used for these purposes, details of which are disclosed in note 25 to the financial statements. The designated funds are disclosed in notes 21 to 24.

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 intend to raise a minimum free reserve of £375,000, which is equivalent to approximately three months' total expenditure. Until this has been achieved, an agreement has been reached with both West Suffolk District Council and Suffolk County Council to provide a loan facility up to £375,000, to cover any such unexpected liabilities. This agreement is for a period of four years from 2018, reducing by 25% year-on-year thereafter.

## **THE NATIONAL HORSERACING MUSEUM**

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

### **Report of the Trustees for the year ended 31 December 2019 (Continued)**

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#### **Reserves Policy (Continued)**

In line with Charities Commission advice, financial performance will be kept under regular review by the Audit and Performance Committee, 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. Free reserves as at 31 December 2019 stood at a deficit of £173,502 (2018: £263,052).

#### **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 Charity 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 financial statements. Full details of the Trustees' reasoning for the adoption of the going concern basis, in the light of the ongoing Covid-19 pandemic are included in the going concern note in the accounting policies section of the financial statements.

#### **Future Plans**

Since the end of the reporting period, the COVID-19 pandemic has had a serious effect on the Museum's ability to achieve its planned objectives. It now seems likely that that disruption will continue into 2021. With that in mind, we recognise the urgency of securing continuity of existing grants and benefactions and of seeking new sources of income to establish financial equilibrium in the Museum's day-to-day activities. The Trustees plan to achieve the twin objectives of covering annual operating costs and raising free reserves to the minimum target figure of £375,000 as follows:

- To establish a new Campaign Board with the specific objective of raising funds to cover expected operating deficits and to enable the Museum to pursue new community-building initiatives, and thereby to increase engagement with the Museum's activities.
- To ensure that all the expectations of the principal grant-making bodies are met and thereby to ensure that, as the review dates of those grants fall due, those bodies will renew these streams of income which are so crucial to the Museum's operations. In this context, key institutions include the National Lottery Heritage Fund, Arts Council England and West Suffolk Council, who between them have provided support in excess of £339,320 during 2020, including access to emergency relief funding, for which the Trustees are extremely grateful.
- To strengthen its executive team, notably in the curatorial, fundraising, marketing and communication disciplines, in pursuit of the key objectives. To that end, three excellent appointments have been made in 2020.
- To upgrade our digital capabilities, in order to improve secure access to and by our audiences.

**THE NATIONAL HORSERACING MUSEUM**  
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**Report of the Trustees for the year ended 31 December 2019 (Continued)**

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**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.

By order of the Trustees on 23 December 2020

  
.....  
Stephen Bourne (Chair of Trustees)

## **THE NATIONAL HORSERACING MUSEUM**

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

### **Independent Auditor's Report to the Members of The National Horseracing Museum**

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#### **Opinion on financial statements**

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 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Group and Charity Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2019 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

## THE NATIONAL HORSERACING MUSEUM

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

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

#### **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 Trustees' Report.

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

- adequate 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; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and 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 12, 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.

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 (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Abbotsgate House  
Hollow Road  
Bury St Edmunds  
Suffolk, IP32 7FA

23 December 2020

**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 2019

	Note	Unrestricted	Designated	Restricted	Endowment	Total 2019	Total 2018 As restated
		£	£	£	£	£	£
<b>Income from:</b>							
Donations and legacies	4	348,239	-	1,502,426	594	<b>1,851,259</b>	1,612,244
Charitable activities	5	162,718	-	-	-	<b>162,718</b>	200,261
Other trading activities	6	238,301	-	20,000	-	<b>258,301</b>	337,224
Investments	3	1,346	-	-	90,522	<b>91,868</b>	90,714
<b>Total income</b>		<b>750,604</b>	<b>-</b>	<b>1,522,426</b>	<b>91,116</b>	<b>2,364,146</b>	<b>2,240,443</b>
<b>Expenditure on:</b>							
Raising funds	7	317,924	-	308	135	<b>318,367</b>	437,724
Charitable activities	8	1,061,601	285,067	223,772	7,231	<b>1,577,671</b>	1,535,662
<b>Total expenditure</b>		<b>1,379,525</b>	<b>285,067</b>	<b>224,080</b>	<b>7,366</b>	<b>1,896,038</b>	<b>1,973,386</b>
Net gains/(losses) on investments	16	-	-	39,109	285,006	<b>324,115</b>	(262,064)
<b>Net (expenditure)/income</b>		<b>(628,921)</b>	<b>(285,067)</b>	<b>1,337,455</b>	<b>368,756</b>	<b>792,223</b>	<b>4,993</b>
Transfers between funds	23/25	195,969	(14,964)	(90,491)	(90,514)	-	-
<b>Net movement in funds</b>		<b>(432,952)</b>	<b>(300,031)</b>	<b>1,246,964</b>	<b>278,242</b>	<b>792,223</b>	<b>4,993</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward	23/25	<b>465,195</b>	<b>13,698,176</b>	<b>787,493</b>	<b>1,935,067</b>	<b>16,885,931</b>	<b>16,880,938</b>
Fund balances carried forward	23/25	<b>32,243</b>	<b>13,398,145</b>	<b>2,034,457</b>	<b>2,213,309</b>	<b>17,678,154</b>	<b>16,885,931</b>

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

The notes on pages 19 to 38 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 2019**

	Note	2019		2018	
		£	£	As restated £	£
<b>Fixed assets</b>					
Tangible fixed assets	13	13,468,137		13,749,627	
Heritage assets	15	267,442		267,417	
Investments	16	2,809,062		1,984,947	
<b>Total fixed assets</b>			16,544,641		16,001,991
<b>Current assets</b>					
Stocks	18	56,931		68,606	
Debtors	19	391,048		579,064	
Cash at bank and in hand		888,991		492,277	
<b>Total current assets</b>		1,336,970		1,139,947	
<b>Liabilities</b>					
Creditors falling due within one year	20	(203,457)		(256,007)	
<b>Net current liabilities</b>			1,133,513		883,940
<b>Net assets</b>			17,678,154		16,885,931
<b>The funds of the group:</b>					
<b>Unrestricted funds</b>					
General fund	23		32,243		465,195
Designated Working Capital fund	23		-		14,964
Designated Palace House fund	23		13,398,145		13,683,212
<b>Restricted funds</b>	25		2,034,457		787,493
<b>Endowment funds</b>	23		2,213,309		1,935,067
<b>Total group funds</b>			17,678,154		16,885,931

The financial statements on pages 15 to 38 were approved by the Trustees and authorised for issue  
on 23 December 2020

  
..... Stephen Bourne (Chair of Trustees)

  
..... Ian Barlow (Hon Treasurer/Trustee)

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

Company number: 1592031  
Charity number: 283656

**Charity Balance Sheet at 31 December 2019**

	Note	2019		2018	
		£	£	As restated £	£
<b>Fixed assets</b>					
Tangible fixed assets	14	13,453,868		13,743,968	
Heritage assets	15	267,442		267,417	
Investments	16	2,809,063		1,984,948	
<b>Total fixed assets</b>			<b>16,530,373</b>		<b>15,996,333</b>
<b>Current assets</b>					
Stocks	18	-		-	
Debtors	19	375,319		572,601	
Cash at bank and in hand		779,065		390,851	
<b>Total current assets</b>		<b>1,154,384</b>		<b>963,452</b>	
<b>Liabilities</b>					
Creditors falling due within one year	20	(169,897)		(210,500)	
<b>Net current liabilities</b>			<b>984,487</b>		<b>752,952</b>
<b>Net assets</b>			<b>17,514,860</b>		<b>16,749,285</b>
<b>The funds of the charity:</b>					
<b>Unrestricted funds</b>					
General fund	24	(131,051)		328,549	
Designated Working Capital fund	24	-		14,964	
Designated Palace House fund	24	13,398,145		13,683,212	
<b>Restricted funds</b>	25	<b>2,034,457</b>		<b>787,493</b>	
<b>Endowment funds</b>	24	<b>2,213,309</b>		<b>1,935,067</b>	
<b>Total charity funds</b>		<b>17,514,860</b>		<b>16,749,285</b>	

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 £765,575 (2018: £260,128).

The financial statements on pages 15 to 38 were approved by the Trustees and authorised for issue on 23 December 2020

 Stephen Bourne (Chair of Trustees)

 Ian Barlow (Hon Treasurer/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 2019**

	Note	2019		2018	
		Group £	Charity £	Group £	Charity £
<b>Net cash provided by operating activities</b>	<b>a</b>	<b>841,948</b>	<b>820,124</b>	<b>208,554</b>	<b>213,998</b>
<b>Cash flows from investing activities</b>					
Interest income		1,354	1,345	124	124
Investment income		90,514	90,514	90,590	90,590
Movement in investment cash		47,696	47,696	(55,804)	(55,804)
Purchase of investments		(579,712)	(579,712)	(43,190)	(43,190)
Purchase of tangible fixed assets		(37,077)	(23,753)	(27,604)	(24,504)
Purchase of heritage assets		(25)	(25)	(2,500)	(2,500)
Proceeds on disposal of investments		32,016	32,016	44,081	44,081
<b>Cash generated (used in)/by investing activities</b>		<b>(445,234)</b>	<b>(431,910)</b>	<b>5,697</b>	<b>8,797</b>
Increase/(decrease) in cash and cash equivalents in year		396,714	388,214	214,251	222,795
Cash and cash equivalents at the beginning of the year		492,277	390,851	278,026	168,056
<b>Cash and cash equivalents at the end of the year</b>	<b>b</b>	<b>888,991</b>	<b>779,065</b>	<b>492,277</b>	<b>390,851</b>
<b>Relating to:</b>					
Cash at bank and in hand		888,991	779,065	492,277	390,851

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

	2019		2018	
	Group £	Charity £	As restated Group £	Charity £
Net income for the year	792,223	765,575	4,993	(260,130)
Depreciation charge	318,567	313,853	322,297	320,398
Investment (gains)/losses	(324,115)	(324,115)	262,064	262,064
Investment income	(91,868)	(91,868)	(90,714)	(90,714)
Decrease in stock	11,675	-	24,483	-
Decrease/(increase) in debtors	198,810	197,282	(283,566)	(4,889)
Decrease in creditors	(63,344)	(40,603)	(31,003)	(12,731)
<b>Net cash provided by operating activities</b>	<b>841,948</b>	<b>820,124</b>	<b>208,554</b>	<b>213,998</b>

**Note b. Analysis of changes in net debt**

	1 January 2019 £	Cash flow £	31 December 2019 £
<b>CHARITY – Cash at bank and in hand</b>	<b>390,851</b>	<b>388,214</b>	<b>779,065</b>
<b>GROUP – Cash at bank and in hand</b>	<b>492,277</b>	<b>396,714</b>	<b>888,991</b>

**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 2019

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**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 2019 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, in addition an agreement was reached with both Forest Health District Council and Suffolk County Council jointly to provide a loan facility up to the same sum of £375,000 to cover any unexpected liabilities. This agreement is for a period of four years from 2018 to 2022 but the amount is reduced by 25% each year. Following the outbreak of COVID-19 in the early part of 2020 the charity has performed financial modelling through to December 2021 to consider the impact on the forecast position under several scenarios and despite the deficit of unrestricted funds before transfers the Trustees consider that the charity will have sufficient financing available to meet its liabilities as they fall due for a period of at least 12 months from the date of approving these financial statements. The Trustees therefore consider it appropriate to continue to adopt the going concern basis in the 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 2019 (*Continued*)

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### 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 impairments 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 permanent diminution 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.

## 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 2019 (*Continued*)

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### 1 ACCOUNTING POLICIES (*Continued*)

#### **Investment in subsidiary**

In the separate accounts of the 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.

#### **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.

#### **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 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 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 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. The fair value of unlisted investments is measured using valuation techniques which include turnover multiple, earnings multiple, net assets or discounted cash flows, as appropriate, based on the nature and circumstances of the investment.

#### **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.

#### **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 2019 (*Continued*)

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### 1 ACCOUNTING POLICIES (*Continued*)

#### **Fund accounting**

The Charitable Company maintains various types of funds as follows:

##### *Endowment funds*

The 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.

##### *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. The designated fund relates to the representation of the lease of Palace House as explained in note 23.

#### **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 2019 (Continued)

## 2 PRIOR PERIOD ADJUSTMENT

Subsequent to the approval of the financial statements for the year ended 31 December 2018, the leases relating to the Museums operating site were signed in March 2019. There has always been a requirement to recognise the value of the donated assets acquired from the date of original occupation in November 2016 as a gift to reflect the substance of the arrangement, which this adjustment now corrects for.

### Changes to the Balance Sheet

	As previously reported £	At 31 December 2018	
		Adjustment £	As restated £
<b>Fixed assets</b>			
Tangible fixed assets	3,756,832	9,992,795	13,749,627
<b>Creditors due within one year</b>			
Lease premium	(4,250,000)	4,250,000	-
<b>Net assets</b>	2,643,136	14,242,795	16,885,931
<b>Reserves</b>			
General fund	(94,388)	559,583	465,195
Designated Palace House fund	-	13,683,212	13,683,212
	(94,388)	14,242,795	14,148,407

### Changes to the Statement of Financial Activities

	As previously reported £	Year ended 31 December 2018	
		Adjustment £	As restated £
Expenditure on charitable activities	(1,250,595)	(285,067)	(1,535,662)
Net movement in funds	290,060	(285,067)	4,993

## 3 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	2019 £	2018 £
Listed investments	-	-	-	90,522	90,522	90,590
Bank deposits	1,346	-	-	-	1,346	124
	1,346	-	-	90,522	91,868	90,714



# 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 2019 (Continued)

## 4 INCOME FROM DONATIONS AND LEGACIES

	2019 £	2018 £
<b>Restricted income</b>		
Home of Horseracing Trust	40,000	14,342
Mellon Trust	-	75,790
Friends of the National Horseracing Museum	-	5,017
British Sporting Art Trust	-	101,250
Racing Foundation	300,000	-
Rank Foundation	25,000	-
The Jockey Club	-	15,000
Retraining of Racehorses	-	39,037
Wellcome Trust	(48)	9,768
NLHF Resilience	124,900	-
Tattersalls	-	50,000
Weinstock Fund	-	150,000
The Hon John Lambton Voluntary Settlement	1,000,000	-
Norfolk County Council	-	29,077
Donations to the Forge Project	-	30,000
Donations to the Breeders' Box Project	-	120,000
Packard Curator	-	150,000
HDH Wills 1965 Charitable Trust	-	5,000
Elizabeth Jackson Charitable Trust	-	5,000
Suffolk County Council	-	1,000
Association of Independent Museums	-	2,500
Colchester Borough Council	11,074	2,400
Newmarket Town Council	-	200
Hunter Scholarship	1,500	-
	<b>1,502,426</b>	<b>805,381</b>
<b>Designated income</b>		
Arts Council	-	165,000
Arts Council project – other donations	-	830
	-	<b>165,830</b>
<b>Endowment income</b>		
HLF Catalyst Endowment Fund – Various donors	594	625
	<b>594</b>	<b>625</b>
<b>Unrestricted income</b>		
Legacies	-	1,500
British Sporting Art Trust	27,395	26,675
Racing Foundation	-	400,000
Arts Council	220,000	-
George IV donation	40,000	-
Fundraising events	23,240	6,898
Howard de Walden Benefactors Scheme	-	119,525
Egerton Benefactors Scheme	3,550	63,331
Other donations	34,054	22,479
	<b>348,239</b>	<b>640,408</b>
<b>TOTAL DONATIONS AND LEGACIES</b>	<b>1,851,259</b>	<b>1,612,244</b>

**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 2019 (*Continued*)

**4 INCOME FROM DONATIONS AND LEGACIES (CONTINUED)**

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

**5 INCOME FROM CHARITABLE ACTIVITIES**

	2019 £	2018 £
Unrestricted income		
Admissions	160,385	196,212
Other income	2,333	4,049
	<u>162,718</u>	<u>200,261</u>

**6 INCOME FROM OTHER TRADING OPERATIONS**

	2019 £	2018 £
Sponsorships	22,000	-
Fundraising activities and events	10,000	13,965
Palace House Trading	226,301	323,259
	<u>258,301</u>	<u>337,224</u>

**7 ANALYSIS OF EXPENDITURE ON RAISING FUNDS**

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Other activities	1,012	-	-	135	1,147	463
Fundraising activities and events	12,849	-	-	-	12,849	10,574
Legacies	-	-	-	-	-	417
Support costs	12,894	308	-	-	13,202	66,038
Palace House Trading	291,169	-	-	-	291,169	360,232
	<u>317,924</u>	<u>308</u>	<u>-</u>	<u>135</u>	<u>318,367</u>	<u>437,724</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 2019 (Continued)

## 8 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total 2019	Total 2018 As restated
	£	£	£	£	£	£
Wages	17,056	-	-	-	17,056	20,143
Exhibition and conservation costs	113,366	381	-	-	113,747	85,795
Support costs	931,179	223,391	285,067	7,231	1,446,868	1,429,724
	<u>1,061,601</u>	<u>223,772</u>	<u>285,067</u>	<u>7,231</u>	<u>1,577,671</u>	<u>1,535,662</u>

## 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 2019	Total 2018 As restated
	£	£	£	£
Wages and salaries	-	624,569	624,569	576,242
Property costs	1,146	197,378	198,524	250,037
Depreciation	913	312,940	313,853	320,106
Advertising and publicity costs	3,896	52,303	56,199	63,725
Administration costs	7,247	259,678	266,925	285,652
	<u>13,202</u>	<u>1,446,868</u>	<u>1,460,070</u>	<u>1,495,762</u>

## 10 MOVEMENT IN TOTAL FUNDS FOR THE YEAR

	2019	2018 As restated
	£	£
This is stated after charging:		
Auditor's remuneration: - statutory audit of charity	11,000	9,100
- statutory audit of subsidiary	3,000	2,200
- other	5,190	4,720
Depreciation of tangible fixed assets	318,567	322,297
Operating lease rentals – plant & machinery	11,140	19,795

## 11 STAFF NUMBERS

	2019 Number	2018 Number
Administration	19	19
Visitor Services/Retail	21	23
	<u>40</u>	<u>42</u>

The above employee numbers include part-time staff. An estimate of the average number of full-time equivalent employees is 25 (2018: 26).

# 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 2019 (Continued)

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

	2019 £	2018 £
Wages and salaries	632,789	631,876
Social security costs	49,386	45,370
Pension costs	21,644	19,728
	<u>703,819</u>	<u>696,974</u>

One employee received remuneration/benefits totalling between of £70,000 and £80,000 (2018: one). Pension costs are allocated to activities in proportion to the related staffing costs incurred.

The Trustees of the Museum were not paid and did not receive any other benefits from employment with the Museum in the year (2018: £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 £1,567 (2018: £706). None of the Trustees received payment for professional or other services supplied to the Charitable Group (2018: £Nil).

The key management personnel of the Museum comprise the Chief Executive Officer and the Head of Resources. The total employee remuneration, benefits and employer costs of the key management personnel of the Charitable Group were £78,084 (2018: £131,529).

Included within wages and salaries are redundancy costs totalling £25,451 (2018: £Nil) 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 2019 as restated	14,253,346	233,919	49,236	14,536,501
Additions	-	37,077	-	37,077
<b>At 31 December 2019</b>	<b>14,253,346</b>	<b>270,996</b>	<b>49,236</b>	<b>14,573,578</b>
<i>Depreciation</i>				
At 1 January 2019 as restated	570,134	176,314	40,426	786,874
Charge for the year	285,067	29,353	4,147	318,567
<b>At 31 December 2019</b>	<b>855,201</b>	<b>205,667</b>	<b>44,573</b>	<b>1,105,441</b>
<i>Carrying value</i>				
<b>At 31 December 2019</b>	<b>13,398,145</b>	<b>65,329</b>	<b>4,663</b>	<b>13,468,137</b>
At 31 December 2018	13,683,212	57,605	8,810	13,749,627

**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 2019 (*Continued*)

**14 TANGIBLE FIXED ASSETS (CHARITY)**

	Land & Buildings £	Equipment Fixtures Fittings & Furniture £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 January 2019 as restated	14,253,346	225,081	49,237	14,527,664
Additions	-	23,753	-	23,753
<b>At 31 December 2019</b>	<b>14,253,346</b>	<b>248,834</b>	<b>49,237</b>	<b>14,551,417</b>
<i>Depreciation</i>				
At 1 January 2019 as restated	570,134	173,136	40,426	783,696
Charge for the year	285,067	24,639	4,147	313,853
<b>At 31 December 2019</b>	<b>855,201</b>	<b>197,775</b>	<b>44,573</b>	<b>1,097,549</b>
<i>Carrying value</i>				
<b>At 31 December 2019</b>	<b>13,398,145</b>	<b>51,059</b>	<b>4,664</b>	<b>13,453,868</b>
At 31 December 2018	13,683,212	51,945	8,811	13,743,968

**15 HERITAGE ASSETS (CHARITY AND GROUP)**

	2015 £	2016 £	2017 £	2018 £	2019 £
<i>Cost</i>					
1 January 2019	258,327	259,452	262,142	264,917	267,417
Additions	1,125	2,690	2,775	2,500	25
<b>31 December 2019</b>	<b>259,452</b>	<b>262,142</b>	<b>264,917</b>	<b>267,417</b>	<b>267,442</b>

During the year, there were recognised additions of £25 (2018: £2,500) donated by the Friends of the National Horseracing Museum, as referred to on Page 4.

**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 2019 *(Continued)*

**16 FIXED ASSETS INVESTMENTS (CHARITY AND GROUP)**

	Shares in subsidiary £	Investment Portfolio Restricted	Investment Portfolio Endowment £	2019 £	2018 £
Market value 1 January 2019	1	-	1,920,028	<b>1,920,029</b>	2,182,984
Additions	-	579,712	-	<b>579,712</b>	43,190
Disposal proceeds	-	(32,016)	(32,016)	-	(44,081)
Realised and unrealised investment gains/(losses)	-	39,109	285,006	<b>324,115</b>	(262,064)
<b>Market value</b>					
<b>31 December 2019</b>	1	586,805	2,205,034	<b>2,791,840</b>	1,920,029
<b>Cash</b>	-	1,908	15,315	<b>17,223</b>	64,919
<b>Total investments at 31 December 2019</b>	1	588,713	2,220,349	<b>2,809,063</b>	1,984,948
Group	-	588,713	2,220,349	<b>2,809,062</b>	1,984,947
Charity	1	588,713	2,220,349	<b>2,809,063</b>	1,984,948
<b>Historical cost of investments held at 31 December 2019</b>					
Group	-	548,171	2,017,460	<b>2,565,631</b>	2,020,266
Charity	1	548,171	2,017,460	<b>2,565,632</b>	2,020,267

**17 INVESTMENT IN SUBSIDIARY – CHARITY**

Cost at 1 January and 31 December 2019	£ 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

# 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 2019 (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 2019 are shown below:

	2019	2018
	£	£
Turnover	226,301	323,259
Cost of sales	(86,547)	(130,823)
Gross profit	139,754	192,436
Administrative expenses	(204,622)	(229,409)
Loss before taxation	(64,868)	(36,973)
Tangible fixed assets	14,269	5,659
Current assets	182,586	176,495
Current liabilities	(427,170)	(347,601)
Net liabilities/capital and reserves	(230,315)	(165,447)

## 18 STOCK

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Goods held for resale	56,931	68,606	-	-

## 19 DEBTORS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	5,258	1,368	3,384	688
Other debtors	20,337	39,573	9,543	39,573
Prepayments and accrued income	365,453	538,123	362,392	532,340
	391,048	579,064	375,319	572,601

**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 2019 (Continued)

**20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2019	2018	2019	2018
		As restated		As restated
	£	£	£	£
Trade creditors	105,988	123,920	78,237	106,220
Other creditors	27,064	29,736	27,064	29,736
Other taxes and social security	26,897	15,290	26,148	11,330
Accruals and deferred income	43,508	87,062	38,448	63,215
	<u>203,457</u>	<u>256,007</u>	<u>169,897</u>	<u>210,500</u>

**21 GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current assets £	Total 2019 £
General fund	135,753	69,992	7,040	(180,542)	32,243
Designated funds	-	13,398,145	-	-	13,398,145
Restricted funds	131,689	-	588,713	1,314,055	2,034,457
Endowment fund	-	-	2,213,309	-	2,213,309
	<u>267,442</u>	<u>13,468,137</u>	<u>2,809,062</u>	<u>1,133,513</u>	<u>17,678,154</u>

**Prior year - as restated**

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current assets £	Total 2018 £
General fund	135,728	66,415	-	263,052	465,195
Designated funds	-	13,683,212	-	14,964	13,698,176
Restricted funds	131,689	-	50,000	605,804	787,493
Endowment fund	-	-	1,934,947	120	1,935,067
	<u>267,417</u>	<u>13,749,627</u>	<u>1,984,947</u>	<u>883,940</u>	<u>16,885,931</u>

The National Horseracing Museum recognises the position of the general fund of the Group is behind targeted levels of reserves. The Trustees, with management, have been reviewing the financial performance and position of the Museum, the Trustees are confident that the support described on page 10 in the Trustees' Report together with the revised business plan will ensure that future unrestricted working capital is available to support the future levels of operation that have been proposed.



# 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 2019 *(Continued)*

## 22 CHARITY ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Heritage Assets £	Other tangible Fixed assets £	Investments £	Net current assets £	Total 2019 £
General fund	135,753	55,723	7,040	(329,567)	(131,051)
Designated funds	-	13,398,145	-	-	13,398,145
Restricted funds	131,689	-	588,714	1,314,054	2,034,457
Endowment fund	-	-	2,213,309	-	2,213,309
	<u>267,442</u>	<u>13,453,868</u>	<u>2,809,063</u>	<u>984,487</u>	<u>17,514,860</u>

### Prior year – as restated

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current assets £	Total 2018 £
General fund	135,728	60,756	1	132,064	328,549
Designated funds	-	13,683,212	-	14,964	13,698,176
Restricted funds	131,689	-	50,000	605,804	787,493
Endowment fund	-	-	1,934,947	120	1,935,067
	<u>267,417</u>	<u>13,743,968</u>	<u>1,984,948</u>	<u>752,952</u>	<u>16,749,285</u>

The National Horseracing Museum recognises the position of the general fund of the Charity is behind targeted levels of reserves. The Trustees, with management, have been reviewing the financial performance and position of the Museum. The Trustees are confident that the support described on page 10 in the Trustees' Report together with the revised business plan will ensure that future unrestricted working capital is available to support the future levels of operation that have been proposed.

**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 2019 (Continued)

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

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2019 £
General fund	465,195	750,604	(1,379,525)	195,969	-	32,243
Designated funds:						
Arts Council	14,964	-	-	(14,964)	-	-
Palace House fund	13,683,212	-	(285,067)	-	-	13,398,145
Endowment fund	1,935,067	91,116	(7,366)	(90,514)	285,006	2,213,309
	<u>16,098,438</u>	<u>841,720</u>	<u>(1,671,958)</u>	<u>90,491</u>	<u>285,006</u>	<u>15,643,697</u>

**Prior year – as restated**

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2018 £
General fund	479,304	1,178,007	(1,271,653)	79,537	-	465,195
Designated funds:						
Arts Council	-	165,830	(150,866)	-	-	14,964
Palace House fund	13,968,279	-	(285,067)	-	-	13,683,212
Endowment fund	2,202,836	91,225	(6,340)	(90,590)	(262,064)	1,935,067
	<u>16,650,419</u>	<u>1,435,062</u>	<u>(1,713,926)</u>	<u>(11,053)</u>	<u>(262,064)</u>	<u>16,098,438</u>

The designated Arts Council fund was established in 2018 to hold the funding received from the Arts Council and other donors and the associated spend. The brought forward funding was transferred to general reserves during the year.

The designated Palace House fund reflects the net book value of the operating premises.

All capital raised for the Heritage Lottery Fund Endowment Fund will form a permanent fund. The investment income of £90,514 (2018: £90,590) derived from this fund is eligible for transfer to the General Fund and was so transferred.

Transfers of £90,491 to unrestricted funds represent the movement of funds on restricted reserves where restrictions have been discharged during the year and so can now be treated as unrestricted.

# 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 2019 (Continued)

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

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2019 £
General fund	328,549	524,303	(1,179,872)	195,969	-	(131,051)
Designated funds:						
Arts Council	14,964	-	-	(14,964)	-	-
Palace House fund	13,683,212	-	(285,067)	-	-	13,398,145
Endowment fund	1,935,067	91,116	(7,366)	(90,514)	285,006	2,213,309
	15,961,792	615,419	(1,472,305)	90,491	285,006	15,480,403

### Prior year – as restated

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2018 £
General fund	607,779	854,748	(1,213,517)	79,537	-	328,549
Designated funds:						
Arts Council	-	165,830	(150,866)	-	-	14,964
Palace House fund	13,968,279	-	(285,067)	-	-	13,683,212
	13,968,279	165,830	(435,933)	-	-	13,698,176
Endowment fund	2,202,836	91,225	(6,340)	(90,590)	(262,064)	1,935,067
	16,778,894	1,111,803	(1,655,788)	(11,053)	(262,064)	15,961,792

The designated Arts Council fund was established in 2018 to hold the funding received from the Arts Council and other donors and the associated spend. The brought forward funding was transferred to general reserves during the year.

The designated Palace House fund reflects the net book value of the operating premises.

All capital raised for the Heritage Lottery Fund Endowment Fund will form a permanent fund. The investment income of £90,514 (2018: £90,590) derived from this fund is eligible for transfer to the General Fund and was so transferred.

Transfers of £90,491 to unrestricted funds represent the movement of funds on restricted reserves where restrictions have been discharged during the year and so can now be treated as unrestricted.

**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 2019 (Continued)

**25 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS**

Charity and Group	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2019 £
1) Museum Collection Purchases	131,689	-	-	-	-	131,689
2) Exhibition Donations	13,439	-	-	-	-	13,439
3) Project Posts Funding	201,692	13,643	(28,846)	(45,775)	-	140,714
4) Relocation Funds	(41,995)	26,309	-	1,811	-	(13,875)
5) Education Funds	13,154	11,074	(13,630)	586	-	11,184
6) Other	8,870	1,500	(956)	-	-	9,414
7) HLF Resilience	(1,561)	124,900	(50,537)	-	-	72,802
8) Completion of Permanent Galleries	432,740	-	(23,453)	(47,113)	6,030	368,203
9) Retraining of Racehorses	29,465	-	(1,805)	-	-	27,660
10) Stubbs Exhibition	-	20,000	(20,000)	-	-	-
11) The Hon John Lambton Voluntary Settlement	-	1,000,000	-	-	33,079	1,033,079
12) Rank Foundation	-	25,000	(9,853)	-	-	15,147
13) Racing Foundation	-	300,000	(75,000)	-	-	225,000
	<u>787,493</u>	<u>1,522,426</u>	<u>(224,080)</u>	<u>(90,491)</u>	<u>39,109</u>	<u>2,034,457</u>

Transfers of £90,491 to unrestricted funds represent the movement of funds on restricted reserves where restrictions have been discharged during the year and so can now be treated as unrestricted.

**Prior year**

Charity and Group	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2018 £
1) Museum Collection Purchases	129,189	2,500	-	-	131,689
2) Exhibition Donations	13,439	-	-	-	13,439
3) Project Posts Funding	19,036	268,551	(85,895)	-	201,692
4) Relocation Funds	(20,891)	6,309	(27,413)	-	(41,995)
5) Education Funds	22,179	17,400	(26,425)	-	13,154
6) Other	2,988	9,402	(5,080)	-	7,310
7) Completion of Permanent Galleries	10,092	462,182	(14,143)	(25,392)	432,739
8) Retraining of Racehorses	54,487	39,037	(100,504)	36,445	29,465
	<u>230,519</u>	<u>805,381</u>	<u>(259,460)</u>	<u>11,053</u>	<u>787,493</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 2019 (*Continued*)

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### 25 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS (*Continued*)

#### 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. £131,714 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) Relocation Funds

These funds are monies received to facilitate costs incurred in relation to the move to the Palace House site. The deficit on this fund will be resolved through the continued support of the Home of Horseracing Trust.

#### 5) Education Funds

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

#### 6) Other

Various smaller grants and donations received for specific purposes.

#### 7) NLHF Resilience

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

#### 8) Completion of Permanent Galleries

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

#### 9) Retraining of Racehorses

Grant monies receivable from Retraining of Racehorses for retraining racehorses' onsite.

#### 10) Stubbs Exhibition

Sponsorship income received as a contribution towards the costs of the Stubbs Exhibition

#### 11) 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.

#### 12) Rank Foundation

Rank Foundation fund is to support the continued employment of the community engagement and volunteering manager.

#### 13) Racing Foundation

Funding received for the implementation of the sustainability plan.

### 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 £25 (2018: £2,500) to the collection.

## 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 2019 (Continued)

### 26 RELATED PARTY TRANSACTIONS (Continued)

The Charitable Company is a member of Discover Newmarket, a community interest company (registration number 9362242). During the year income of £12,408 (2018: £14,679) was derived from this association in the form of admissions and cafe revenue and purchases in the year totalled £12,963 (2018: £13,194). At the year end, a balance of £163 (2018: £72) was owed to the Museum by this entity, and a balance of £Nil (2018: £12,000) was owed by the Museum to 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 £24,271 (2018: £29,798).

During the year the Charitable Company recharged costs of £33,604 (2018: £32,084) to its subsidiary Palace House Trading Ltd and provided against balances owed by the subsidiary of £91,516 (2018: £302,094). At the year end, balances of £393,610 (2018: £302,094) owed by the subsidiary have been provided against and no balance (2018: £Nil) was recognised in debtors from the subsidiary to the Charitable Company.

Donations from Trustees in the year totalled £49,000 (2018: £26,500), of which £9,000 (2018: £Nil) is within accrued income at the year end.

### 27 CONTINGENT LIABILITIES

The Charitable Company is a member of a VAT group with Palace House Trading Ltd. Both entities are jointly and severally liable for the VAT liabilities of the group. At 31 December 2019 there was £nil (2018: £1,975) payable to HM Revenue and Customs by other group companies.

### 28 FINANCIAL INSTRUMENTS

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

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<i>Financial assets:</i>				
Measured at fair value through SOFA	<u>2,809,062</u>	<u>1,984,947</u>	<u>2,809,063</u>	<u>1,984,948</u>

### 29 OBLIGATIONS UNDER LEASE COMMITMENTS

Total future minimum lease commitments under non-cancellable operating leases are:

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<i>Plant &amp; machinery</i>				
Within one year	-	19,795	-	19,795
Within two to five years	-	-	-	-
Measured at amortised cost	<u>-</u>	<u>19,795</u>	<u>-</u>	<u>19,795</u>

The 999 year lease on Palace House is at a peppercorn rent of one horseshoe per annum and therefore has not been included in operating lease commitments.

**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 2019 (Continued)

**30 POST BALANCE SHEET EVENTS**

Subsequent to the year end, the Covid-19 pandemic caused widespread uncertainty in the global economy and particularly the tourism and museum industries. The directors consider the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event and consequently no adjustments have been reflected in the financial statements.

**31 ANALYSIS OF PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES BY FUND**

	Unrestricted	Designated	Restricted	Endowment	Total 2018 As restated £
	£	£	£	£	£
<b>Income from:</b>					
Grants and donations	640,408	165,830	805,381	625	1,612,244
Charitable activities	200,261	-	-	-	200,261
Other trading activities	337,224	-	-	-	337,224
Investments	114	-	-	90,600	90,714
<b>Total income</b>	<b>1,178,007</b>	<b>165,830</b>	<b>805,381</b>	<b>91,225</b>	<b>2,240,443</b>
<b>Expenditure on:</b>					
Costs of raising funds	420,063	9,780	7,773	108	437,724
Charitable activities	851,590	426,153	251,687	6,232	1,535,662
<b>Total expenditure</b>	<b>1,271,653</b>	<b>435,933</b>	<b>259,460</b>	<b>6,340</b>	<b>1,973,386</b>
Net gains on investments	-	-	-	(262,064)	(262,064)
<b>Net (expenditure)/income</b>	<b>(93,646)</b>	<b>270,103</b>	<b>545,921</b>	<b>(177,179)</b>	<b>4,993</b>
Transfers between funds	79,537	-	11,053	(90,590)	-
<b>Net movement in funds</b>	<b>(14,109)</b>	<b>(270,103)</b>	<b>556,974</b>	<b>(267,769)</b>	<b>4,993</b>
<b>Reconciliation of funds:</b>					
Fund balances brought forward	479,304	13,968,279	230,519	2,202,836	16,880,938
Fund balances carried forward	465,195	13,698,176	787,493	1,935,067	16,885,931