



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

Report and Financial Statements

Year Ended 31 December 2020

Charity No: 283656
Company No: 01592031

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

Contents

Page:

2	Report of the Trustees
13	Independent Auditor's Report
16	Consolidated Statement of Financial Activities (incorporating the income and expenditure account)
17	Consolidated Balance Sheet
18	Charity Balance Sheet
19	Cash flow Statements
20	Notes forming part of the financial statements

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 2020

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 2020.

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, Blenheim House, Newmarket Road, Bury St Edmunds, Suffolk, IP33 3SB
Bankers:	Barclays Bank plc, 58 High Street, Newmarket, Suffolk, CB8 8GL Weatherbys Bank, Sanders Road, Wellingborough, Northants, NN8 4BX
Investment Managers:	Smith & Williamson Investment Management, 25 Moorgate, London, EC2R 6AY
Museum Director:	Steven Parissien <i>(to 2 September 2020)</i> Anne-Marie Hogan <i>(from 29 October 2020)</i>
Company Secretary:	Anne-Marie Hogan <i>(from 1 December 2020)</i>

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.

Stephen Bourne	– Chair <i>(resigned 15 July 2021)</i>
Rachel Hood	<i>(resigned 29 October 2020)</i>
Ian Barlow	<i>(resigned 29 January 2021)</i>
John Chatfeild-Roberts	
Brian Finch	
Sally Goodsir	
Annette Green	
Peter Jensen	<i>(resigned 29 October 2020)</i>
Paul Lindsell	
Nicholas Luck	
Guy Morrison	<i>(resigned 27 July 2020)</i>
Hon. Frances Stanley	- Interim Chair <i>(from 16 July 2021)</i>
Amy Starkey	<i>(resigned 28 January 2021)</i>
Katherine Stewart	<i>(resigned 29 April 2021)</i>
Paul Taiano	
Richard Fletcher	<i>(appointed 05 February 2020)</i>
Ben Hanbury	<i>(appointed 29 April 2021)</i>
Lady Jane Grosvenor	<i>(appointed 29 April 2021)</i>
Jonathan Benson	<i>(appointed 29 April 2021)</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 2020 (Continued)

Structure, Governance and Management

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

The Trustees determine the general policy of the Charitable Company and are elected in accordance with the Memorandum and Articles of Association. The day-to-day management of The National Horseracing Museum (the Museum) is delegated to the Museum Director and his/her staff (collectively referred to as the Executive). 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.

Each Trustee is a member of the Charitable Company and is a guarantor who undertakes to contribute to the assets of the Charitable Company, in the event of it being wound up, such amount as may be required, not exceeding £1.

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 Board's size be no less than 10 and no more than 14 Trustees.

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

THE NATIONAL HORSERACING MUSEUM

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

Report of the Trustees for the year ended 31 December 2020 (Continued)

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 West Suffolk 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 £5,000 (2019: £25).

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

Pay policy for key management personnel

The Trustees consider that they, along with the 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. Senior Executive salaries are set by recommendation of the Audit and Performance Committee to the Chair of the Board.

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 2020 (*Continued*)

Risk Management

The Trustees consider that the principal financial risk to the Charitable Company is assessing the future level of income that the Museum will generate.

The Charitable Company maintains a Risk Register which is reviewed by the Audit and 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 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 Horseracing Museum 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 sectors to mutual benefit and for the benefit of the public.'

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

- To improve and maintain the financial resilience of the organisation via a balanced range of income sources, with emphasis being placed on increasing visitor ticket sales and enhancing 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.
- 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.

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 2020 (*Continued*)

Public Benefit

The public benefits principally from the preservation and conservation of this nationally important collection of racing works of art, social history objects, archival documents and photographs. Members of the public are able to view the exhibitions in person and increasingly, online and to use the research services of the 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 Horseracing Museum into the life of Newmarket and its diverse communities, as well as those of the surrounding area.

All three elements of the Museum's extensive premises are fully accessible in accordance with the provisions of the Disability Discrimination Acts (1995 & 2005). In addition, 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 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 the Museum's activities continue to enhance the participation and enjoyment of as many sectors of the public as possible.

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

Achievements and Performance

During 2020 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 support in the form of core funding.

At 8,200, visitor numbers were well down on the 18,600 visitors achieved in 2019. The lockdown periods mandated by Government to control the Covid-19 pandemic accounted for the Museum being completely closed for some 25 weeks. Thereafter, many people were wary of visiting public places, so visitor numbers remained below expectations. The Museum, however benefited from the Government's generous programme of assorted grants, allowances and the furlough programme, which enabled it to reduce costs while retaining its employees. The Museum's key funding agencies maintained their support throughout the year and, between them, provided the Museum with a further £307k of emergency Covid-19 grants, for which we are immensely grateful. As a consequence of all these forms of support, the Museum was able to end the year in a position to fund the immediate regeneration of activities which will be required on re-opening in 2021.

2020 saw a number of key changes among both executive staff and trustees. In September, Dr Steven Parissien resigned as Chief Executive and Anne-Marie Hogan, who had joined the Museum as Head of Resources in 2019, was subsequently appointed as his successor, with the title of Museum Director. In October, Dr. Alexandra Fletcher, a career professional with significant experience as a curator, joined the Museum and curatorial activities were consolidated under her leadership. 2020 saw a further change in leadership following the scheduled end in August 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. Since the year end, Stephen Bourne resigned on 15 July 2021 and his responsibilities have been taken over by Hon. Frances Stanley, who is acting as interim chair.

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 2020 (*Continued*)

Achievements and Performance (*Continued*)

The Trustees and Executive 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 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, despite the challenges of 2020 we were able to retain these awards.

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 continued our 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. 2020 saw the third year of the Suffolk Museums' 'Transforming People to Transform Museums' trainee programme, funded by the National Lottery Heritage Fund *Skills for the Future* initiative, which aims to diversify the museum workforce. In 2020 we hosted two school leavers for a one-year traineeship. One has gone onto further education and one has joined the Museum workforce in our curatorial department. In January 2021, we have two more local young people joining us. Also in early 2021 we enrolled in the KickStart scheme which offers young people, aged between 16-24 on Universal Credit and at risk of long term unemployment, six month job placements. We have created four positions which commenced in May 2021.

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, the Museum introduced a £10 Annual Pass in September 2019 for residents within a 15 mile radius and free entry for stable staff, many of whom are young people from low-income households, often on low salaries.

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.

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 2020 (Continued)

Achievements and Performance (Continued)

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.

The Museum's Collection and Aquisitions

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

During 2020 the Friends of the National Horseracing Museum stepped in to purchase Hyperion's skeleton, an integral part of our collection. The skeleton had been on loan from the Animal Health Trust but was part of their liquidation sale and we are very grateful to the Friends for their timely intervention.

As part of the Arts Council's Acceptance in Lieu Scheme the Museum was fortunate to receive four paintings by two important painters of 19th century British Sporting Art, *Memnon* and *Margrave* by John Frederick Herring, Sen., *Peter Simple* and *Cannon Ball* by John E. Ferneley, Sen. These pictures have strong ties with the history of horseracing and training at Newmarket and our collections contain numerous items relating to the horses and jockeys depicted.

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

Special Exhibitions

The 2020 special exhibitions programme in the Moller Gallery included:

- *The Good Companions: The many roles of our Canine friends (July-November)*
- *Sporting Talk: the forgotten history of everyday speech (December-March 21)*

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

We had previously dedicated the Thompson Gallery to display community projects, but this led to a feeling of marginalisation, rather than the intended inclusion, owing to the gallery's location on the first floor. Discussions have led us to prioritise the most accessible area of the museum – the Atrium – for displaying works with local resonance. To this end, the community art project, *Newmarket in Pieces* has been on display here since November. The Thompson gallery will still be used to show work from local artists and communities, but additional focus will be placed on using this gallery as a safe space to explore contested histories, challenging conversations and controversial topics.

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 2020 (*Continued*)

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. In 2020, Discover Newmarket organised visits to the Museum that contributed £1,248 to its income, though this low outcome was inevitably badly affected by the pandemic.

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

Volunteers

The Management and Trustees are indebted to the volunteers who assisted the Museum during 2020. Our volunteering programme, with participants from a variety of non-traditional volunteering backgrounds, has continued to deliver successful engagement and has maintained a stable level of over 80 regular volunteers. The volunteers contribute enormously to the experience of visitors and provide an increasingly important resource in supporting curatorial work.

As is explained in the accounting policy on page 20, no financial value is placed on the services provided by volunteers.

Fundraising

During 2020 the Museum was the very grateful beneficiary of a further donation from the Hon John Lambton Voluntary Settlement, which was towards an expendable endowment as explained in note 23.

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

During 2020, 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 2020 (Continued)

Financial Review

The consolidated net income for the year, before transfers and net losses or gains on investment derived from donations, investments and activities designed to generate funds, was £121,224 (2019: £468,108) and net expenditure of £26,671 (2019: net income of £792,223) after net losses or gains on investment.

Within total net income we incurred a surplus for the year on unrestricted general funds of £401,311 (2019: a deficit of £432,952). This is stated after transfers between the designated, restricted and endowment funds of a total of £197,876; comprising £122,363 (2019: £90,491) from the restricted fund, £75,513 (2019: £90,514) from the endowment fund and £Nil (2019: £14,964) from the designated fund. This leaves a balance carried forward on unrestricted funds of £433,554. After deducting the amounts represented by Heritage Assets and Other Tangible Fixed Assets, this leaves a balance of free reserves of £185,971.

The Trustees are pleased that the level of free reserves is close to their aim of three months of operating costs. The Museum management team's planning goal will continue to be building the profitability and financial resilience for the medium and long term with less reliance on grants from Arts Council England and the National Lottery Heritage Fund.

The overall year-end balance of unrestricted, designated and restricted funds was £14,962,268 (2019: £15,464,845), excluding endowment fund balances of £2,689,215 (2019: £2,213,309) (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. The HLF Catalyst Endowment Fund now holds investment assets valued at £2,158,215 (2019: £2,213,309).

Reserves Policy incorporating Future Plans

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

The Museum currently holds an endowment fund of £2,689,215, restricted funds for specific purposes of £1,415,636, designated funds of £13,113,078 and an unrestricted operational fund of £433,554.

The HLF Catalyst 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 23 and 24.

The Trustees' policy for the HLF Catalyst endowment fund is to build it to such a level that the income from it will be sufficient to cover the core overheads.

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 aim is to hold unrestricted free reserves of at least £375,000, which is equivalent to approximately three months' total expenditure.

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.

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 2020 (Continued)

Future plans

Throughout the reporting period and to date, the COVID-19 pandemic continues to have a serious effect on the Museum's ability to achieve its planned objectives. With that in mind, the Trustees and executives are working on securing continuity of existing grants and benefactions and also seeking new sources of income to establish financial equilibrium in the Museum's day-to-day activities. The Trustees aim to hold unrestricted free reserves of at least £375,000, which is equivalent to three months operating costs, will be achieved as follows:

- by establishing a new Campaign Board with the specific objective of raising funds to cover expected operating deficits to enable the Museum to pursue new community-building initiatives, and thereby to increase engagement with the Museum's activities;
- by ensuring that all the expectations of the principal grant-making bodies are met and thereby ensuring 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 Arts Council England, National Lottery Heritage Fund and West Suffolk Council, who between them have provided support in excess of £302,227 during 2021, including access to emergency relief funding, for which the Trustees are extremely grateful;
- by strengthening the executive team, notably in the curatorial, fundraising, marketing and communication disciplines, in pursuit of the key objectives. To that end, we have made two fresh appointments in 2021;
- by capitalising on the completed major upgrade of our database system in January to May 2021 and employment of a Data Officer to assist the curatorial team to improve and increase the information digitally held about the Museum's collections.

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.

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

Report of the Trustees for the year ended 31 December 2020 (*Continued*)

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

.....
Hon. Frances Stanley (Interim 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

Opinion

We have audited the financial statements of The National Horseracing Museum (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities incorporating the Income and Expenditure Account, the Consolidated and Charity Balance Sheets, the Group and Charity Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate 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.
- 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 Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk
IP33 3SB
Date

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 2020

	Note	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2020 £	Total 2019 £
Income from:							
Donations and legacies	3	694,091	-	175,790	520,000	1,389,881	1,851,259
Charitable activities	4	67,351	-	-	-	67,351	162,718
Other trading activities	5	78,603	-	-	-	78,603	258,301
Investments	2	793	-	-	86,513	87,306	91,868
Other income	6	285,133	-	-	-	285,133	-
Total income		1,125,971	-	175,790	606,513	1,908,274	2,364,146
Expenditure on:							
Raising funds	7	342,076	-	-	-	342,076	318,367
Charitable activities	8	580,460	285,067	577,142	2,305	1,444,974	1,577,671
Total expenditure		922,536	285,067	577,142	2,305	1,787,050	1,896,038
Net (losses)/gains on investments	16	-	-	(95,106)	(52,789)	(147,895)	324,115
Net income/(expenditure)		203,435	(285,067)	(496,458)	551,419	(26,671)	792,223
Transfers between funds	23/25	197,876	-	(122,363)	(75,513)	-	-
Net movement in funds		401,311	(285,067)	(618,821)	475,906	(26,671)	792,223
Reconciliation of funds:							
Fund balances brought forward	23/25	32,243	13,398,145	2,034,457	2,213,309	17,678,154	16,885,931
Fund balances carried forward	23/25	433,554	13,113,078	1,415,636	2,689,215	17,651,483	17,678,154

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

The notes on pages 20 to 38 form part of these financial statements.

Consolidated Balance Sheet at 31 December 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible fixed assets	13	13,224,908	13,468,137
Heritage assets	15	272,442	267,442
Investments	16	2,661,167	2,809,062
Total fixed assets		16,158,517	16,544,641
Current assets			
Stocks	18	50,655	56,931
Debtors	19	241,725	391,048
Cash at bank and in hand		1,325,776	888,991
Total current assets		1,618,156	1,336,970
Liabilities			
Creditors falling due within one year	20	(125,190)	(203,457)
Net current assets		1,492,966	1,133,513
Net assets		17,651,483	17,678,154
The funds of the group:			
Unrestricted funds			
General fund	23	433,554	32,243
Designated Palace House fund	23	13,113,078	13,398,145
Restricted funds	25	1,415,636	2,034,457
Endowment funds	23	2,689,215	2,213,309
Total group funds		17,651,483	17,678,154

The financial statements on pages 16 to 38 were approved by the Trustees and authorised for issue on.....

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

.....Annette Green (Trustee)

Charity Balance Sheet at 31 December 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible fixed assets	14	13,215,497	13,453,868
Heritage assets	15	272,442	267,442
Investments	16	2,661,168	2,809,063
Total fixed assets		16,149,107	16,530,373
Current assets			
Stocks	18	-	-
Debtors	19	308,775	375,319
Cash at bank and in hand		1,139,665	779,065
Total current assets		1,448,440	1,154,384
Liabilities			
Creditors falling due within one year	20	(109,831)	(169,897)
Net current assets		1,338,609	984,487
Net assets		17,487,716	17,514,860
The funds of the charity:			
Unrestricted funds			
General fund	24	269,787	(131,051)
Designated Palace House fund	24	13,113,078	13,398,145
Restricted funds	25	1,415,636	2,034,457
Endowment funds	24	2,689,215	2,213,309
Total charity funds		17,487,716	17,514,860

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 deficit for the year was £27,144 (2019: £765,575 surplus).

The financial statements on pages 16 to 38 were approved by the Trustees and authorised for issue on.....

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

.....Annette Green (Trustee)

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

Cash flow statements for the year ended 31 December 2020

	Note	2020		2019	
		Group £	Charity £	Group £	Charity £
Net cash provided by operating activities	a	429,330	353,145	841,948	820,124
Cash flows from investing activities					
Interest income		793	793	1,346	1,346
Investment income		86,513	86,513	90,522	90,522
Movement in investment cash		(11,355)	(11,355)	47,696	47,696
Purchase of investments		(492,512)	(492,512)	(579,712)	(579,712)
Purchase of tangible fixed assets		(75,986)	(75,986)	(37,077)	(23,753)
Purchase of heritage assets		(5,000)	(5,000)	(25)	(25)
Proceeds on disposal of tangible fixed assets		2,416	2,416	-	-
Proceeds on disposal of investments		502,586	502,586	32,016	32,016
Cash generated by/(used in) investing activities		7,455	7,455	(445,234)	(431,910)
Increase/(decrease) in cash and cash equivalents in year		436,785	360,600	396,714	388,214
Cash and cash equivalents at the beginning of the year		888,991	779,065	492,277	390,851
Cash and cash equivalents at the end of the year	b	1,325,776	1,139,665	888,991	779,065
Relating to:					
Cash at bank and in hand		1,325,776	1,139,665	888,991	779,065

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

	2020		2019	
	Group £	Charity £	Group £	Charity £
Net (expenditure)/income for the year	(26,671)	(27,144)	792,223	765,575
Depreciation charge	318,690	313,832	318,567	313,853
Profit on disposal of tangible fixed assets	(1,892)	(1,892)	-	-
Investment losses/(gains)	149,176	149,176	(324,115)	(324,115)
Investment income	(87,306)	(87,306)	(91,868)	(91,868)
Decrease in stock	6,276	-	11,675	-
Decrease in debtors	149,323	66,544	198,810	197,282
Decrease in creditors	(78,266)	(60,065)	(63,344)	(40,603)
Net cash provided by operating activities	429,330	353,145	841,948	820,124

Note b. Analysis of changes in net funds

	1 January 2020 £	Cash flow £	31 December 2020 £
CHARITY – Cash at bank and in hand	779,065	360,600	1,139,665
GROUP – Cash at bank and in hand	888,991	436,785	1,325,776

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 2020

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 2020 on a line by line basis. A separate Statement of Financial Activity (SOFA) is not presented because the Charitable Company has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

Going concern

The group finances its day to day operations primarily from grants and donations including an annual grant from Arts Council England within its National Portfolio where our qualifying status is next reviewed for 2023/24. In addition, in 2020 the Museum received an expendable endowment of £500,000 which can be utilised to meet ongoing costs and losses incurred as a result of the impact of the Covid-19 pandemic. The Trustees have prepared forecasts and projections through to 31 December 2022 based on a number of potential scenarios and after reviewing these forecasts and projections, at the time of approving these financial statements the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for at least the next 12 months. The Trustees therefore consider it appropriate to continue to adopt the going concern basis in preparing the group's financial statements.

Income

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

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

Investment income is recognised on a receivable basis.

Volunteers and donated services and facilities

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

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

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

Notes forming part of the financial statements for the year ended 31 December 2020 *(Continued)*

1 ACCOUNTING POLICIES *(Continued)*

Expenditure

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

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

Irrecoverable VAT

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

Museum collections heritage assets

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

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

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

Tangible fixed assets and depreciation

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

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

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

Tangible fixed assets are assessed for impairment at each reporting date. Any 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 2020 (*Continued*)

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.

Financial liabilities

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

Pensions

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

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The contributions payable by the group at year end are £3,932 (2019: £3,321), which is shown in other creditors.

Taxation

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

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

Notes forming part of the financial statements for the year ended 31 December 2020 *(Continued)*

1 ACCOUNTING POLICIES *(Continued)*

Government grants

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

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

Fund accounting

The Charitable Company maintains various types of funds as follows:

Endowment funds

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

Restricted funds

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

Unrestricted funds

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

Designated funds

The designated funds represent amounts which have been put aside out of unrestricted funds at the discretion of the Trustees. 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 2020 *(Continued)*

2 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	2020 £	2019 £
Listed investments	-	-	-	86,513	86,513	90,522
Bank deposits	793	-	-	-	793	1,346
	<u>793</u>	<u>-</u>	<u>-</u>	<u>86,513</u>	<u>87,306</u>	<u>91,868</u>

3 INCOME FROM DONATIONS AND LEGACIES

	2020 £	2019 £
Restricted income		
Home of Horseracing Trust	-	40,000
Friends of the National Horseracing Museum	5,000	-
Racing Foundation	-	300,000
Rank Foundation	-	25,000
Wellcome Trust	-	(48)
NHLF Resilience	99,920	124,900
The Hon John Lambton Voluntary Settlement	-	1,000,000
CPG Graduate Scheme	25,000	-
Jim Joel Legacy Scheme	5,000	-
Breeders' display	10,000	-
HDH Wills 1965 Charitable Trust	5,000	-
Colchester Borough Council	25,870	11,074
Hunter Scholarship	-	1,500
	<u>175,790</u>	<u>1,502,426</u>
Endowment income		
HLF Catalyst Endowment Fund – Various donors	-	594
The Hon John Lambton Voluntary Settlement	500,000	-
Jim Joel Legacy Scheme	20,000	-
	<u>520,000</u>	<u>594</u>
Unrestricted income		
British Sporting Art Trust	30,859	27,395
Arts Council England	363,081	220,000
George IV donation	-	40,000
Fundraising events	34,156	23,240
Egerton Benefactors Scheme	13,597	3,550
Anne Duchess of Westminster's Fund	2,500	-
NHLF Resilience	153,400	-
Retraining of Racehorses	60,000	-
Other donations	36,498	34,054
	<u>694,091</u>	<u>348,239</u>
TOTAL DONATIONS AND LEGACIES	<u>1,389,881</u>	<u>1,851,259</u>

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

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 2020 *(Continued)*

4 INCOME FROM CHARITABLE ACTIVITIES

	2020 £	2019 £
Unrestricted income		
Admissions	60,285	160,385
Other income	7,066	2,333
	<u>67,351</u>	<u>162,718</u>

5 INCOME FROM OTHER TRADING OPERATIONS

	2020 £	2019 £
Sponsorships	-	22,000
Fundraising activities and events	-	10,000
Palace House Trading	78,603	226,301
	<u>78,603</u>	<u>258,301</u>

6 OTHER INCOME

	2020 £	2019 £
Government Coronavirus Job Retention Scheme	114,139	-
Government Local Restrictions Support Scheme	86,000	-
Insurance claim	84,994	-
	<u>285,133</u>	<u>-</u>

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

7 ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2020 £	Total 2019 £
Other activities	513	-	-	-	513	1,147
Fundraising activities and events	183,010	-	-	-	183,010	12,849
Support costs	13,834	-	-	-	13,834	13,202
Palace House Trading	144,719	-	-	-	144,719	291,169
	<u>342,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342,076</u>	<u>318,367</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 2020 *(Continued)*

8 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2020 £	Total 2019 £
Wages	3,819	-	-	-	3,819	17,056
Exhibition and conservation costs	36,903	-	-	-	36,903	113,747
Support costs	539,738	577,142	285,067	2,305	1,404,252	1,446,868
	<u>580,460</u>	<u>577,142</u>	<u>285,067</u>	<u>2,305</u>	<u>1,444,974</u>	<u>1,577,671</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 2020 £	Total 2019 £
Wages and salaries	-	664,702	664,702	624,569
Property costs	1,403	177,554	178,957	198,524
Depreciation and profit on disposal	1,336	310,604	311,940	313,853
Advertising and publicity costs	1,638	65,552	67,190	56,199
Administration costs	9,457	185,840	195,297	266,925
	<u>13,834</u>	<u>1,404,252</u>	<u>1,418,086</u>	<u>1,460,070</u>

10 MOVEMENT IN TOTAL FUNDS FOR THE YEAR

	2020 £	2019 £
This is stated after charging:		
Auditor's remuneration: - statutory audit of charity	15,500	11,000
- statutory audit of subsidiary	4,500	3,000
Accountancy and corporation tax	5,490	5,190
Depreciation of tangible fixed assets	318,690	318,567
Profit on disposal of tangible fixed assets	1,891	-
Operating lease rentals – plant & machinery	15,374	11,140
	<u></u>	<u></u>

11 STAFF NUMBERS

	2020 Number	2019 Number
Administration	15	19
Visitor Services/Retail	22	21
	<u>37</u>	<u>40</u>

The above employee numbers include part-time staff. An estimate of the average number of full-time equivalent employees is 17 (2019: 25).

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 2020 *(Continued)*

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

	2020 £	2019 £
Wages and salaries	625,659	632,789
Social security costs	50,548	49,386
Pension costs	24,380	21,644
	<u>700,587</u>	<u>703,819</u>

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

	2020 Number	2019 Number
£70,001 - £80,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

The Trustees of the Museum were not paid and did not receive any other benefits from employment with the Museum in the year (2019: £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 £Nil (2019: £1,567). None of the Trustees received payment for professional or other services supplied to the Charitable Group (2019: £Nil).

The key management personnel of the Museum comprises the Museum Director (role has been renamed from Chief Executive Officer). The total employee remuneration, benefits and employer costs of the key management personnel of the Charitable Group were £172,021 (2019: £78,084). Due to staff crossover during the year, the 2020 figure relates to two members of staff compared to one staff member in 2019.

Included within wages and salaries are redundancy costs totalling £1,981 (2019: £25,451) 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 2020	14,253,346	270,996	49,236	14,573,578
Additions	-	75,986	-	75,986
Disposals	-	-	(4,500)	(4,500)
At 31 December 2020	14,253,346	346,982	44,736	14,645,064
<i>Depreciation</i>				
At 1 January 2020	855,201	205,667	44,573	1,105,441
Charge for the year	285,067	29,926	3,697	318,690
Eliminated on disposals	-	-	(3,975)	(3,975)
At 31 December 2020	1,140,268	235,593	44,295	1,420,156
<i>Carrying value</i>				
At 31 December 2020	13,113,078	111,389	441	13,224,908
At 31 December 2019	13,398,145	65,329	4,663	13,468,137

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 2020 *(Continued)*

14 TANGIBLE FIXED ASSETS (CHARITY)

	Land & Buildings £	Equipment Fixtures Fittings & Furniture £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 January 2020	14,253,346	248,834	49,237	14,551,417
Additions	-	75,986	-	75,986
Disposals	-	-	(4,500)	(4,500)
At 31 December 2020	14,253,346	324,820	44,737	14,622,903
<i>Depreciation</i>				
At 1 January 2020	855,201	197,775	44,573	1,097,549
Charge for the year	285,067	25,068	3,697	313,832
Eliminated on disposals	-	-	(3,975)	(3,975)
At 31 December 2020	1,140,268	222,843	44,295	1,407,406
<i>Carrying value</i>				
At 31 December 2020	13,113,078	101,977	442	13,215,497
At 31 December 2019	13,398,145	51,059	4,664	13,453,868

15 HERITAGE ASSETS (CHARITY AND GROUP)

	2016 £	2017 £	2018 £	2019 £	2020 £
<i>Cost</i>					
1 January 2020	259,452	262,142	264,917	267,417	267,442
Additions	2,690	2,775	2,500	25	5,000
31 December 2020	262,142	264,917	267,417	267,442	272,442

During the year, there were recognised additions of £5,000 (2019: £25) 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 2020 *(Continued)*

16 FIXED ASSETS INVESTMENTS (CHARITY AND GROUP)

	Shares in subsidiary £	Investment Portfolio Restricted	Investment Portfolio Endowment £	2020 £	2019 £
Market value 1 January 2020	1	586,805	2,205,034	2,791,840	1,920,029
Additions	-	-	492,512	492,512	579,712
Disposal proceeds	-	-	(502,586)	(502,586)	(32,016)
Realised and unrealised investment losses)/gains	-	(95,106)	(54,070)	(149,176)	324,115
Market value					
31 December 2020	1	491,699	2,140,890	2,632,590	2,791,840
Cash	-	2,153	26,425	28,578	17,223
Total investments at 31 December 2020	1	493,852	2,167,315	2,661,168	2,809,063
Group	-	493,852	2,167,315	2,661,167	2,809,062
Charity	1	493,852	2,167,315	2,661,168	2,809,063
Historical cost of investments held at 31 December 2020					
Group	-	548,171	2,017,460	2,565,631	2,565,631
Charity	1	548,171	2,017,460	2,565,632	2,565,632

17 INVESTMENT IN SUBSIDIARY – CHARITY

Cost at 1 January and 31 December 2020	£ <u>1</u>
----------------------------------------	---------------

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 2020 *(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 2020 are shown below:

	2020	2019
	£	£
Turnover	78,603	226,301
Cost of sales	(34,808)	(86,547)
Gross profit	43,795	139,754
Administrative expenses	(109,904)	(204,622)
Other operating income	66,589	-
Interest payable	(7)	-
Profit/(loss) before taxation	473	(64,868)
Tangible fixed assets	9,411	14,269
Current assets	239,395	182,586
Current liabilities	(478,648)	(427,170)
Net liabilities/capital and reserves	(229,842)	(230,315)

18 STOCK

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Goods held for resale	50,655	56,931	-	-

19 DEBTORS

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	4,458	5,258	2,587	3,384
Amounts owed by subsidiary	-	-	69,679	-
Other debtors	110,717	20,337	110,670	9,543
Prepayments and accrued income	126,550	365,453	125,839	362,392
	241,725	391,048	308,775	375,319

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 2020 *(Continued)*

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	33,913	105,988	28,597	78,237
Other creditors	32,324	30,385	32,181	30,265
Other taxes and social security	14,550	23,576	14,035	22,947
Accruals and deferred income	44,403	43,508	35,018	38,448
	125,190	203,457	109,831	169,897

21 GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

Prior year -

	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
	267,442	13,468,137	2,809,062	1,133,513	17,678,154

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 2020 *(Continued)*

22 CHARITY ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Heritage Assets £	Other tangible Fixed assets £	Investments £	Net current assets £	Total 2020 £
General fund	135,753	102,419	20,455	11,160	269,787
Designated funds	-	13,113,078	-	-	13,113,078
Restricted funds	136,689	-	493,853	785,094	1,415,636
Endowment fund	-	-	2,146,860	542,355	2,689,215
	<u>272,442</u>	<u>13,215,497</u>	<u>2,661,168</u>	<u>1,338,609</u>	<u>17,487,716</u>

Prior year –

	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>

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 2020 *(Continued)*

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

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

Prior year –

	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>

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 £86,513 (2019: £90,514) derived from this fund is eligible for transfer to the General Fund and was so transferred.

Transfers of £119,477 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. A transfer of £8,114 was also made from unrestricted funds to restricted funds relating to furlough income received during the year for restricted staff.

The expendable endowment fund relates to funds received towards an expendable endowment, the endowment can be used to help the Museum cover the costs of the COVID-19 pandemic. Transfers of £11,000 have been made to the endowment element of the Jim Joel Legacy Scheme from the restricted 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 2020 *(Continued)*

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

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

Prior year –

	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

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 £86,513 (2019: £90,514) derived from this fund is eligible for transfer to the General Fund and was so transferred.

Transfers of £119,477 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. A transfer of £8,114 was also made from unrestricted funds to restricted funds relating to furlough income received during the year for restricted staff.

The expendable endowment fund relates to funds received towards an expendable endowment, the endowment can be used to help the Museum cover the costs of the COVID-19 pandemic. Transfers of £11,000 have been made to the endowment element of the Jim Joel Legacy Scheme from the restricted 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 2020 *(Continued)*

25 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS

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

Transfers of £119,477 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. A transfer of £8,114 was also made from unrestricted funds to restricted funds relating to furlough income received during the year for restricted staff. A transfer of £11,000 has been made to the endowment element of the Jim Joel Legacy Scheme.

Prior year –

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	368,204
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>

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 2020 (Continued)

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. £136,689 is represented by heritage assets and is considered to have been fully spent in accordance with the terms of the original restriction.

2) Exhibition Donations

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

3) Project Posts Funding

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

4) 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) 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.

11) Rank Foundation

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

12) Racing Foundation

Funding received for the implementation of the sustainability plan.

13) Jim Joel Legacy Scheme

The Jim Joel Legacy Scheme has been developed for those wishing to leave a donation to the Museum from their estate, in their will. The inaugural donation was received from the Childwick Trust on behalf of Jim Joel, securing the naming rights. The scheme will include general unrestricted and restricted funds according to the wishes of the donor.

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 2020 (Continued)

26 RELATED PARTY TRANSACTIONS

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

During the year donations were made by the Friends of the National Horseracing Museum of £5,000 (2019: £25) to the collection.

The Charitable Company is a member of Discover Newmarket, a community interest company (registration number 9362242). During the year income of £1,248 (2019: £12,408) was derived from this association in the form of admissions and cafe revenue and purchases in the year totalled £5,693 (2019: £12,963). At the year end, a balance of £163 (2019: £163) was owed to the Museum by this entity.

With the consent of the Charity Commission, Trustees indemnity insurance has been purchased as a part of the insurance cover of the Charitable Company as a whole and is not separately identified within total insurance costs of £23,444 (2019: £24,271).

During the year the Charitable Company recharged costs of £Nil (2019: £33,604) to its subsidiary Palace House Trading Ltd and provided against balances owed by the subsidiary of £69,679 (2019: £91,516). At the year end, balances of £393,610 (2019: £393,610) owed by the subsidiary have been provided against and no balance was recognised in debtors from the subsidiary to the Charitable Company.

Donations from Trustees in the year totalled £8,250 (2019: £49,000), of which £8,250 (2019: £9,000) is within accrued income at the year end.

27 FINANCIAL INSTRUMENTS

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

	2020	2019
	£	£
<i>Financial assets:</i>		
Measured at fair value through SOFA	2,661,167	2,809,062

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 2020 *(Continued)*

28 ANALYSIS OF PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES BY FUND

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2019 £
Income from:					
Grants and donations	348,239	-	1,502,426	594	1,851,259
Charitable activities	162,718	-	-	-	162,718
Other trading activities	238,301	-	20,000	-	258,301
Investments	1,346	-	-	90,522	91,868
Total income	750,604	-	1,522,426	91,116	2,364,146
Expenditure on:					
Costs of raising funds	317,924	-	308	135	318,367
Charitable activities	1,061,601	285,067	223,772	7,231	1,577,671
Total expenditure	1,379,525	285,067	224,080	7,366	1,896,038
Net gains on investments	-	-	39,109	285,006	324,115
Net (expenditure)/income	(628,921)	(285,067)	1,337,455	368,756	792,223
Transfers between funds	195,969	(14,964)	(90,491)	(90,514)	-
Net movement in funds	(432,952)	(300,031)	1,246,964	278,242	792,223
Reconciliation of funds:					
Fund balances brought forward	465,195	13,698,176	787,493	1,935,067	16,885,931
Fund balances carried forward	32,243	13,398,145	2,034,457	2,213,309	17,678,154