



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

Report and Financial Statements

Year Ended 31 December 2016

Charity No: 283656
Company No: 01592031

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

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THE NATIONAL HORSERACING MUSEUM
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Report of the Trustees for the year ended 31 December 2016

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 2016.

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) (effective 1 January 2015).

Charity Number:	283656
Company Number:	01592031
Registered Office and Operational Address:	99 High Street, Newmarket, Suffolk, CB8 8JH
Auditors:	RSM UK Audit LLP Abbotsgate House, Hollow Road, Bury St Edmunds, IP32 7FA
Bankers:	Barclays Bank plc, 58 High Street, Newmarket, Suffolk, CB8 8GL Weatherbys Bank, Sanders Road, Wellingborough, Northants, NN8 4BX
Investment Managers:	Smith & Williamson Investment Management, 25 Moorgate, London, EC2R 6AY
Museum Director:	Christopher Garibaldi
Company Secretary:	Richard Attwell

Directors and Trustees

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

Rachel Hood	– Chair (<i>appointed 1 September 2017</i>)
Stuart Richmond-Watson	– Chair (<i>resigned 1 September 2017</i>)
Christopher Tregoning	– Hon Treasurer
Ian Barlow	(<i>appointed 21 April 2016</i>)
Patricia Connor	(<i>appointed 21 April 2016</i>)
Timothy Cox	
Sara Cumani	
Richard Frisby	
William Gittus	
Margaret Greeves	(<i>resigned 1 September 2017</i>)
Rachel Hood	
Gillian, Lady Howard de Walden	(<i>resigned 1 September 2017</i>)
Peter Jensen	
Derek Lewis	
Guy Morrison	
David Oldrey	
John (Brough) Scott	(<i>resigned 1 September 2017</i>)
Hon. Frances Stanley	(<i>appointed 1 September 2017</i>)
Katherine Stewart	
Patricia Thompson	

THE NATIONAL HORSERACING MUSEUM
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Report of the Trustees for the year ended 31 December 2016 (*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, an entity established by the Charitable Company, (the Museum) is delegated to the Museum Director and his staff.

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

The Charitable Company has no share capital and is limited by guarantee.

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

Appointment of Trustees

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

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 Authority. To date there has never been an incidence of the need to remove a Trustee from office.

The Charitable Company also has an Executive Committee consisting of the Museum's management and a small number of Trustees. The Committee meets monthly to monitor profitability and progress on Museum projects between Trustees' meetings.

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

An independent and 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, 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. During the year donations towards acquisitions to the Museum's collections were received from the Friends to the value of £ 2,190 (2015 £1,125).

The National Horseracing Museum holds 100% of the issued share capital of Palace House Trading Limited, a company registered in England and Wales, having share capital. The principal activities of Palace House trading are detailed in note 15 to the financial statements.

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Report of the Trustees for the year ended 31 December 2016 (Continued)

Pay policy for key management personnel

The Trustees consider that they, along with the senior management team, comprise the key management personnel of the charity 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 note 11 to the accounts.

The pay of key management personnel is reviewed annually. In view of the nature of the Charitable Company, the Trustees benchmark pay against levels in other provincial museums of a similar size. An Audit and Performance Committee of Trustees has been established in the year, and senior management salaries are now set by recommendation of this committee to the Chairman of the Board.

Risk Management

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

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

The Trustees are presently reviewing the financial performance and position of the Museum to ensure that future unrestricted working capital is available to support present and future levels of operation with the longer term goal of increasing the level of Museum's Endowment Fund.

Objectives and Activities

The principal object of the Charitable Company, as set out in the Memorandum of Association, is "to promote public interest in the preservation of all articles of historical or scientific interest in connection with racehorses and persons and places connected with racehorses and to enlarge the Museum's network of partnerships within the education, racing industry and museums sector to mutual benefit".

Key aims are:

- To manage and develop the new National Heritage Centre for Horseracing and Sporting Art (National Heritage Centre). The National Heritage Centre consists of the Museum, the British Sporting Art Trust (registered charity number 274156) collection of paintings and live horses presented by the Retraining of Racehorses charity (registered charity number 1084787).
- To ensure that all objects in the care of the Museum are appropriately documented, interpreted and cared for.
- To ensure the continued financial health of the Museum in order to allow it to achieve its mission, particularly through the attraction of a broader audience.
- To maintain a correct balance in the collections and displays between periods, themes and types of racing, and between loans and acquisitions.
- To maintain the standards expected of a 'National' Museum as laid out by the Arts Council Registration and Accreditation Schemes.
- To broaden the Museum's network of partnerships within the education, racing industry and museum sectors.

THE NATIONAL HORSERACING MUSEUM
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Report of the Trustees for the year ended 31 December 2016 (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, archive documents and photographs. Members of the public are able to view the exhibitions and under normal circumstances use the research services of the Charitable Company.

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. Concessions on ticket prices are offered to senior citizens, children and students. As part of other audience development planning, the Trustees regularly discuss the public benefit requirements to ensure that its activities continue to enhance the participation and enjoyment of as many sections of the public as possible.

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

Achievements and Performance

Opening of the New Heritage Centre for Horseracing and Sporting Art

The main event of the year was the momentous opening of the new Heritage Centre at Palace House by H.M. The Queen on 3 November 2016. This was the culmination of many years' planning, a huge amount of work by Museum staff and many years of successful fundraising by Trustees of the Museum and the Home of Horseracing Trust. The Heritage Centre, in which the Museum has teamed up with the British Sporting Art Trust and the Retraining of Racehorses Charity. The result is a Museum with modern and high quality displays, a much greater range of attractions and scale of operations than on its previous site. Consequentially in anticipation of increased visitor numbers our staff have increased in number and we are now supported by some 100 volunteers.

We are therefore delighted that the Museum was short listed for the prestigious Museum of the Year award recognising its quality and innovation.

The opening of the new Centre has done much to expand the Museum's capacity. Engagement with our local communities is a key strategic goal. To achieve this we maintain close links with schools, fine art groups and other cultural groups throughout the United Kingdom.

The Museum's Collection

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

The Museum continues to maintain the standards expected of a 'National' Museum as set out by the Arts Council Registration and Accreditation Schemes and is mindful of developing its national role through its move to the new National Heritage Centre for Horseracing and Sporting Art at Palace House.

The Trustees are most grateful for the support received during the year from charitable trusts and foundations, generous private donors and supporters and in particular the Heritage Lottery Fund and Arts Council England through its Renaissance Strategic Support Fund.

THE NATIONAL HORSERACING MUSEUM

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Report of the Trustees for the year ended 31 December 2016 (Continued)

Exhibitions

The Museum continues to mount special exhibitions which in 2016 included exhibitions on the history of Tattersalls and the Sport of Boxing.

Discover Newmarket

The Museum has joined forces with other organisations and businesses in Newmarket to subscribe to a joint venture company, Discover Newmarket (CIC registration number 9362242), offering tours to horseracing attractions in the area. Discover Newmarket has made good progress throughout 2016 and contributed £4,750 to the income of the Museum.

Volunteers

The Trustees would like to thank the circa 100 volunteers who assisted the Museum during 2016. Volunteering is core to the Palace House site, and the employment of a full-time Volunteer Coordinator funded by the Heritage Lottery Fund and the Racing Foundation continues to make a significant impact on the development of the Museum's visitor experience.

A volunteer Fundraising and Events Committee exists to raise funds to support the general running costs of the Museum and consists of 15 volunteers.

No value is currently placed on the services provided by volunteers as explained in the accounting policy on page 14.

Financial Review

Taking into consideration income from investments, donations and activities for generating funds the consolidated net deficit for the year before transfers in Unrestricted General Funds was £283,990 (2015: £114,781).

Following transfers to the General Fund of £170,525 from the Designated Museum Collection Fund, of £78,413 from Restricted Funds (see note 23) which represented carrying balances of Fixed Assets fully purchased in accordance with grant conditions as detailed in note 21, and of £20,650 of investment income permitted from the HLF Catalyst Endowment Fund, the Unrestricted General Fund balance at the year-end was £147,510 (2015: £11,912) (see note 22). With the inclusion of net realised and unrealised investment losses of £15,022 (2015: losses of £9,563) (see note 14) the overall balance at the year-end of Unrestricted, Designated and Restricted Funds was £776,985 (2015: £603,453) excluding Endowment Fund balances of £2,071,740 (2015: £965,564) (see note 20).

The consolidated operating deficit in 2016 of £283,990 cannot be compared with the previous year's figures because of the major move to Palace House during the second half of the year and the establishment of the National Heritage Centre for Horseracing and Sporting Art. It will take time to build up visitor numbers at the Centre to meet new target levels.

The Trustees acknowledge that the Group's unrestricted and designated funds amounting to £325,283 (excluding heritage assets included in the General Fund – see note 20) may not be adequate to cover any budgeted losses in the short term. As assurance the Museum Trustees are dependent on (1) support from the Home of Horseracing Trust (2) continuing discussions with the Museum's management to build up profitability and (3) the efforts of the Museum's Fundraising Committees to narrow any shortfalls in future income.

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Report of the Trustees for the year ended 31 December 2016 (Continued)

A key feature of the Museum's financial structure is the establishment of an Endowment fund which has attracted match-funding under the Heritage Lottery Fund's Catalyst Programme. 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 fund reached its target of £1million shortly after the end of the financial year and, with the matching element, has now reached £2million.

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.

Reserves Policy

The Trustees' policy with regard to unrestricted reserves is recorded in notes 19 and 20 to the financial statements. Total group funds at 31 December 2016 were £2,848,725, of which £540,355 is considered to be 'free' and which is available for general purposes. Total Charity funds at 31 December 2016 were £2,856,091, of which £547,720 is considered to be 'free' and which is available for general purposes.

The Trustees review on an ongoing basis the level of reserves that may be required for the future, and at the year-end were aware of material impending receipts which taken together with operating income provided for operations through the coming year. In future years reserves policy will reflect established operating levels.

Plans for the Future

With visitor numbers and income arising taking longer to build than had been anticipated in the Museum's business plan; the Museum's activities, since the new National Heritage Centre opened, have been loss making to date.

The Trustees with management have been reviewing the financial performance and position of the Museum and changes to operational staffing levels have been made. The Trustees are confident that industry support on the back of a revised business plan will ensure that future unrestricted working capital is available to support the future levels of operation that have been proposed. This will put the Museum on a sound footing whilst the longer term goal of increasing the level of the Museum's Endowment Fund is achieved.

THE NATIONAL HORSERACING MUSEUM
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Report of the Trustees for the year ended 31 December 2016 (Continued)

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 financial statements for each financial year 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.

Auditors

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

Statement as to disclosure of information to auditors

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

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

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

By order of the Trustees on 25/10/2017


.....
Rachel Hood (Chair of Trustees)


.....
Christopher Tregoning (Hon Treasurer/Trustee)

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 on financial statements

We have audited the financial statements of The National Horseracing Museum (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2016 which comprise the Group Statement of Financial Activities, the Group and Charitable Company Balance Sheets, the Group and Charitable Company Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2016 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 152 of the Charities Act 2011 and report in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.



LARAGH JEANROY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk, IP32 7FA
31/10/2017

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 2016

	Note	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2016 £	Total 2015 £ <i>Note 27</i>
Income from:							
Grants and donations	3	91,027	320,000	1,033,489	1,066,543	2,511,059	1,489,349
Charitable activities	4	92,203	-	-	-	92,203	63,844
Other trading activities	5	362,059	-	-	-	362,059	196,008
Investments	2	258	6,666	-	20,650	27,574	18,025
Total income		545,547	326,666	1,033,489	1,087,193	2,992,895	1,767,226
Expenditure on:							
Costs of raising funds	6	421,185	4,128	158,277	983	584,573	376,552
Charitable activities	7	408,352	382	745,474	1,288	1,155,496	584,158
Total expenditure		829,537	4,510	903,751	2,271	1,740,069	960,710
Net gains/(losses) on investments	14	-	(15,022)	-	41,904	26,882	(20,598)
Net (expenditure)/income		(283,990)	307,134	129,738	1,126,826	1,279,708	785,918
Transfers between funds	22/23	419,588	(320,525)	(78,413)	(20,650)	-	-
Net movement in funds		135,598	(13,391)	51,325	1,106,176	1,279,708	785,918
Reconciliation of funds:							
Fund balances brought forward	22/23	11,912	326,892	264,649	965,564	1,569,017	783,099
Fund balances carried forward		147,510	313,501	315,974	2,071,740	2,848,725	1,569,017

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

The notes on pages 14 to 31 form part of these financial statements.

Consolidated Balance Sheet at 31 December 2016

	Note	2016	2015
		£	£
Fixed assets			
Tangible fixed assets	12	3,783,396	27,017
Heritage assets	13	262,142	259,452
Investments	14	1,666,405	1,142,447
Total fixed assets		5,711,943	1,428,916
Current assets			
Stocks	16	111,998	38,489
Debtors	17	1,205,585	134,236
Cash at bank and in hand		437,556	135,216
Total current assets		1,755,139	307,941
Liabilities			
Creditors falling due within one year	18	(4,618,357)	(167,840)
Net current (liabilities)/assets		(2,863,218)	140,101
Net assets		2,848,725	1,569,017
The funds of the group:			
Unrestricted funds			
General fund	22	147,510	11,912
Designated Museum Collection fund	22	-	178,881
Designated Working Capital fund	22	313,501	148,011
Restricted funds	23	315,974	264,649
Endowment funds	22	2,071,740	965,564
Total group funds		2,848,725	1,569,017

The financial statements on pages 10 to 31 were approved by the Trustees and authorised for issue on

28/10/2017

 Rachel Hood (Chair of Trustees)

 Christopher Tregoning (Hon Treasurer/Trustee)

Charity Balance Sheet at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible fixed assets	12	3,783,396	27,017
Heritage assets	13	262,142	259,452
Investments	14	1,666,406	1,142,447
Total fixed assets		5,711,944	1,428,916
Current assets			
Stocks	16	-	38,489
Debtors	17	1,269,810	134,236
Cash at bank and in hand		416,893	135,216
Total current assets		1,686,703	307,941
Liabilities			
Creditors falling due within one year	18	(4,542,556)	(167,840)
Net current (liabilities)/assets		(2,855,853)	140,101
Net assets		2,856,091	1,569,017
The funds of the charity:			
Unrestricted funds			
General fund	21	154,876	11,912
Designated Museum Collection fund	21	-	178,881
Designated Working Capital fund	21	313,501	148,011
Restricted funds	23	315,974	264,649
Endowment funds	21	2,071,740	965,564
Total charity funds		2,856,091	1,569,017

The financial statements on pages 10 to 31 were approved by the Trustees and authorised for issue on

25/10/2017

..........Rachel Hood (Chair of Trustees)

..........Christopher Tregoning (Hon Treasurer/Trustee)

THE NATIONAL HORSERACING MUSEUM

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Cash flow statements for the year ended 31 December 2016

	Note	2016		2015	
		Group £	Charity £	Group	Charity £
Net cash provided by operating activities	25	4,560,095	4,539,433	768,200	768,200
Cash flows from investing activities					
Acquisition of investment in subsidiary		-	(1)	-	-
Interest income		517	517	948	948
Investment income		27,057	27,057	17,077	17,077
Movement in investment cash		136,218	136,218	(264,602)	(264,602)
Purchase of investments		(941,767)	(941,767)	(594,805)	(594,805)
Purchase of tangible fixed assets		(3,786,980)	(3,786,980)	(5,899)	(5,899)
Purchase of heritage assets		(2,690)	(2,690)	(1,125)	(1,125)
Proceeds on disposal of tangible fixed assets		1,417	1,417	-	-
Proceeds on disposal of investments		308,473	308,473	51,363	51,363
Cash used in investing activities		(4,257,755)	(4,257,756)	(797,043)	(797,043)
Increase/(decrease) in cash and cash equivalents in year		302,340	281,677	(28,843)	(28,843)
Cash and cash equivalents at the beginning of the year		135,216	135,216	164,059	164,059
Cash and cash equivalents at the end of the year		437,556	416,893	135,216	135,216
Analysis of cash and cash equivalents					
		2016 £	2016 £	2015 £	2015 £
Cash in hand		437,556	416,893	135,216	135,216

THE NATIONAL HORSERACING MUSEUM
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Notes forming part of the financial statements for the year ended 31 December 2016

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The National Horseracing Museum is a charitable company limited by guarantee, incorporated in the UK 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.

Basis of consolidation

The consolidated financial statements incorporate the accounts of the charity and those of its trading subsidiary, Palace House Trading Ltd, for the period ended 31 December 2016 on a line by line basis. A separate Statement of Financial Activity (SOFA) is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

Going concern

The Trustees believe the going concern basis of preparation for these financial statements is appropriate, as referenced on page 7 under Plans for the Future, despite the reported deficit before transfers to the General Fund. There are further surplus cash funds held within investments that could be released by reviewing the designated reserve. The Trustees believe the Charitable Company will have sufficient financing available to meet its liabilities as they fall due for at least 12 months from the date of approving and signing these financial statements.

Income

All grants, donations and income from charitable activities is 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 2016 (Continued)

1 ACCOUNTING POLICIES (Continued)

Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods and services 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 collections, 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 the period of the lease
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.

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 and are divided between the funds in proportion to the units allotted to each 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 2016 (Continued)

1 ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

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 Charitable Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Financial assets

Basic financial assets including trade and other receivables and cash and bank balances are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Financial Activities, which are initially measured at fair value.

Equity investments (excluding investments in subsidiaries) are valued in accordance with the accounting policy above.

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 payables are recognised at transaction price.

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.

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 2016 (Continued)

1 ACCOUNTING POLICIES (Continued)

Fund accounting

The Charitable Company maintains various types of funds as follows:

Endowment funds

The endowment funds, (otherwise known as The Heritage Lottery 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.

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 20 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 represents amounts which have been put aside out of unrestricted funds at the discretion of the Trustees and may be made available for general purposes if necessary at the discretion of the Trustees as explained in Note 19.

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.

2 INVESTMENT INCOME

	Unrestricted Funds £	Designated Funds £	Endowment Funds £	2016 £	2015 £
Listed investments	2	6,666	19,460	26,128	16,479
Tax recoverable	-	-	929	929	598
Bank deposits	256	-	261	517	948
	<u>258</u>	<u>6,666</u>	<u>20,650</u>	<u>27,574</u>	<u>18,025</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 2016 (Continued)****3 INCOME FROM DONATIONS AND LEGACIES**

	2016 £	2015 £
Unrestricted income		
Legacies	-	10,000
Research donations	-	50
BSAT contributions	25,000	20,954
Home of Horseracing Trust donation	-	50,000
Fundraising events	50,857	-
Sponsorship	15,000	
Other donations	170	8,200
	91,027	89,204
Restricted income		
Home of Horseracing Trust	580,500	325,000
Friends of the National Horseracing Museum	2,190	1,125
Norfolk County Council	1,200	1,400
Association of Independent Museums	5,048	-
Arts Council England - Renaissance Strategic Support Fund 2013/14	-	7,700
Arts Council England - Renaissance Strategic Support Fund 2014/15	-	87,929
British Sporting Art Trust – Arts Council England match funding	-	12,500
British Sporting Art Trust	-	12,760
Racing Foundation and MacDonald Buchanan Charitable Trust	-	30,000
Racing Foundation	52,500	-
Jockey Club Education match funding	15,000	-
Retraining of Racehorses	210,000	-
Wellcome Trust	70,708	-
Association of Suffolk Museums	636	970
Mellon Foundation	-	10,000
Evelyn Rothschild – Fountain restoration	16,700	-
Frances Stanley – Charles II Statue	60,761	-
Jockey Club Racecourses – Newmarket Monopoly	17,388	
Anonymous and other donations	858	324
	1,033,489	489,708
Designated – HoHT Working Capital	320,000	-
HLF Catalyst Endowment Fund – Various donors	516,688	460,292
HLF Catalyst Endowment Fund – HLF match funding	549,855	450,145
	1,066,543	910,437
TOTAL DONATIONS AND LEGACIES	2,511,059	1,489,349

Details on the contribution of volunteers to the charitable company have been included within the Trustees report, on page 6.

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 2016 (Continued)

4 INCOME FROM CHARITABLE ACTIVITIES

	2016 £	2015 £
Unrestricted income		
Admissions	89,371	57,175
Other income	2,832	6,669
	<u>92,203</u>	<u>63,844</u>

5 INCOME FROM OTHER TRADING OPERATIONS

	2016 £	2015 £
Shop	70,394	82,974
Cafe	49,665	96,654
Other activities	8	3,250
Fundraising activities and events	46,715	13,130
Conference management	1,800	-
Palace House Trading	193,477	-
	<u>362,059</u>	<u>196,008</u>

6 ANALYSIS OF EXPENDITURE ON COSTS OF RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2016 £	Total 2015 £
Shop	63,736	17,388	418	-	81,542	82,672
Web shop	3,281	-	-	-	3,281	
Café	51,526	-	-	-	51,526	93,162
Mews	380	-	-	-	380	
Other activities	4	-	-	983	987	3,154
Fundraising activities and events	62,545	454	-	-	62,999	10,856
Support costs	74,210	140,435	3,710	-	218,355	186,708
Palace House Trading	165,503	-	-	-	165,503	-
	<u>421,185</u>	<u>158,277</u>	<u>4,128</u>	<u>983</u>	<u>584,573</u>	<u>376,552</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 2016 *(Continued)*

7 ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Designated Funds £	Endowment Funds £	Total 2016 £	Total 2015 £
Wages	11,469	-	-	-	11,469	54,283
Exhibition and conservation costs	8,241	105,793	-	-	114,034	15,323
Support costs	388,642	639,681	382	1,288	1,029,993	514,552
	<u>408,352</u>	<u>745,474</u>	<u>382</u>	<u>1,288</u>	<u>1,155,496</u>	<u>584,158</u>

8 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	Costs of raising funds £	Charitable activities £	Total 2016 £	Restated Total 2015 £
Wages and salaries	76,715	473,516	550,231	398,879
Property costs	39,776	208,346	248,122	105,169
Depreciation	13,395	15,788	29,183	14,857
Advertising and publicity costs	22,847	52,235	75,082	44,470
Administration costs	65,622	280,108	345,730	137,885
	<u>218,355</u>	<u>1,029,993</u>	<u>1,248,348</u>	<u>701,260</u>

9 MOVEMENT IN TOTAL FUNDS FOR THE YEAR

	2016 £	2015 £
This is stated after charging:		
Auditor's remuneration	10,550	5,825
Depreciation of tangible fixed assets	30,601	14,857
Operating lease rentals – land and buildings	4,950	1
Profit on disposal of fixed asset	1,417	-

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 2016 (Continued)****10 STAFF NUMBERS**

	2016 Number	2015 Number
Administration	14	14
Visitor Services/Retail	39	18
	53	32

The above employee numbers includes part-time staff. An estimate of the average number of full time equivalent employees is 36 (2015: 28).

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

	2016 £	2015 £
Wages and salaries	542,547	486,249
Social security costs	45,778	38,912
Pension costs	15,696	7,427
	604,021	532,588

One employee received remuneration/benefits totalling between of £60,000 and £70,000 (2015: one between £60,000 and £70,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred.

The Trustees of the Museum were not paid or received any other benefits from employment with the Museum in the year (2015: £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 £2,810 (2015: £7,328). None of the Trustees received payment for professional or other services supplied to the Charitable Group (2015: £nil).

The key management personnel of the Museum comprise the Museum Director, the Commercial Director, the Curator/Deputy Museum Director and the Financial Manager. The total employee remuneration, benefits and employer costs of the key management personnel of the Charitable Group were £237,137 (2015: £216,903).

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 2016 (Continued)

12 TANGIBLE FIXED ASSETS (CHARITY AND GROUP)

	Land & Buildings £	Equipment Fixtures Fittings & Furniture £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 January 2016	-	120,127	28,503	148,630
Additions	3,690,417	78,413	18,150	3,786,980
Disposals	-	(5,175)	-	(5,175)
At 31 December 2016	3,690,417	193,365	46,653	3,930,435
<i>Depreciation</i>				
At 1 January 2016	-	110,212	11,401	121,613
Charge for the year	-	21,270	9,331	30,601
Eliminated on disposals	-	(5,175)	-	(5,175)
At 31 December 2016	-	126,307	20,732	147,039
<i>Carrying value</i>				
At 31 December 2016	3,690,417	67,058	25,921	3,783,396
At 31 December 2015	-	9,915	17,102	27,017

13 HERITAGE ASSETS (CHARITY AND GROUP)

	2012 £	2013 £	2014 £	2015 £	2016 £
<i>Cost</i>					
1 January 2016	243,837	251,995	255,095	258,327	259,452
Additions	8,158	3,100	3,232	1,125	2,690
31 December 2016	251,995	255,095	258,327	259,452	262,142

During the year, there were recognised additions of £2,190 (2015: £1,125) donated by the Friends of the National Horseracing Museum, as referred to on Page 3.

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 2016 (Continued)

14 FIXED ASSETS INVESTMENTS (CHARITY AND GROUP)

	Shares in subsidiary	Investment portfolio Designated £	Restricted £	Endowment £	2016 £	2015 £
Market value 1 January 2016	-	196,927	-	583,770	780,697	257,853
Additions	1	-	-	941,767	941,768	594,805
Disposal proceeds	-	(181,905)	-	(126,568)	(308,473)	(51,363)
Realised and unrealised investment (losses)/gains	-	(15,022)	-	41,904	26,882	(20,598)
Market value 31 December 2016	1	-	-	1,440,873	1,440,874	780,697
Cash	-	-	-	225,532	225,532	361,750
Total investments at 31 December 2016	1	-	-	1,666,405	1,666,406	1,142,447
Group	-	-	-	1,666,405	1,666,405	1,142,447
Charity	1	-	-	1,666,405	1,666,406	1,142,447
Historical cost of investments held at 31 December 2016						
Group	-	-	-	1,786,287	1,786,287	1,073,575
Charity	1	-	-	1,786,287	1,786,288	1,073,575
Unrealised gains included in net investment gains/(losses)	-	-	-	29,715	29,715	(16,967)

15 INVESTMENT IN SUBSIDIARY – CHARITY

	£
Cost	
At 1 January 2016	-
Additions	1
At 31 December 2016	1

The following was a subsidiary undertaking throughout the year and has been included in the consolidated financial statements:

Name of undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Palace House Trading Limited	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 2016 (Continued)

16 STOCK

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Goods held for resale	111,998	38,489	-	38,489

17 DEBTORS

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	63,984	5,049	25,576	5,049
Amounts owed by subsidiary	-	-	114,437	-
Other debtors	623,395	17,660	611,591	17,660
Prepayments and accrued income	518,206	111,527	518,206	111,527
	1,205,585	134,236	1,269,810	134,236

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	4,489,054	100,905	4,464,309	100,905
Other creditors	34,701	2,755	4,474	2,755
Other taxes and social security	33,269	13,290	12,440	13,290
Accruals and deferred income	61,333	50,890	61,333	50,890
	4,618,357	167,840	4,542,556	167,840

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 2016 (Continued)

19 CHARITY ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current (liabilities) / assets £	Total £
General fund	135,728	3,721,427	1	(3,702,280)	154,876
Designated funds	-	-	-	313,501	313,501
Restricted funds	126,414	61,969	-	127,591	315,974
Endowment fund	-	-	1,666,405	405,335	2,071,740
	<u>262,142</u>	<u>3,783,396</u>	<u>1,666,406</u>	<u>(2,855,853)</u>	<u>2,856,091</u>

The total of the balances on the General Fund of £154,876 plus the Designated Funds of £313,501 less the Heritage Assets in the General Fund of £135,728 amounts to £332,649. This represents balances that are available to the Trustees to offset future trading losses arising on operating activities.

20 GROUP ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Heritage Assets £	Other tangible fixed assets £	Investments £	Net current (liabilities) / assets £	Total £
General fund	135,728	3,721,427	-	(3,709,645)	147,510
Designated funds	-	-	-	313,501	313,501
Restricted funds	126,414	61,969	-	127,591	315,974
Endowment fund	-	-	1,666,405	405,335	2,071,740
	<u>262,142</u>	<u>3,783,396</u>	<u>1,666,405</u>	<u>(2,863,218)</u>	<u>2,848,725</u>

The total of the balances on the General Fund of £147,510 plus the Designated Funds of £313,501 less the Heritage Assets in the General Fund of £135,728 amounts to £325,283. This represents balances that are available to the Trustees to offset future trading losses arising on operating 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 2016 (Continued)****21 CHARITY ANALYSIS OF MOVEMENTS IN UNRESTRICTED, DESIGNATED AND ENDOWMENT FUNDS**

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2016 £
General fund	11,912	352,070	(628,694)	419,588	-	154,876
Designated funds:						
Museum collection	178,881	6,666	-	(170,525)	(15,022)	-
Working capital	148,011	320,000	(4,510)	(150,000)	-	313,501
	326,892	326,666	(4,510)	(320,525)	(15,022)	313,501
HLF Endowment Fund	965,564	1,087,193	(2,271)	(20,650)	41,904	2,071,740
	1,304,368	1,765,929	(635,475)	78,413	26,882	2,540,117

During the year the investment portfolio that represented the Museum Collection fund was liquidated and the net proceeds transferred to the General Fund.

The designated working capital fund which was established in 2015 made a transfer to the General fund in the year of £150,000 to finance the day to day activities of the Museum. The fund carries a closing balance of £313,501.

All capital raised for the Heritage Lottery Fund Endowment Fund will form a permanent fund. The investment income of £20,650 derived from this fund is eligible for transfer to the General Fund, and was so transferred. (2015: £6,757).

Transfers totalling £78,413 (2015: £24,711) have been made from Restricted Funds to the General Fund representing carrying values of assets purchased in accordance with grant conditions (see note 23).

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 2016 (Continued)

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

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers £	Investment gains/ (losses) £	Balance at 31 December 2016 £
General fund	11,912	545,547	(829,537)	419,588	-	147,510
Designated funds:						
Museum collection	178,881	6,666	-	(170,525)	(15,022)	-
Working capital	148,011	320,000	(4,510)	(150,000)	-	313,501
	326,892	326,666	(4,510)	(320,525)	(15,022)	313,501
HLF Endowment Fund	965,564	1,087,193	(2,271)	(20,650)	41,904	2,071,740
	1,304,368	1,959,406	(836,318)	78,413	26,882	2,532,751

23 ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS

Charity and Group	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2016 £
1) Museum Collection Purchases	124,224	2,190	-	-	126,414
2) Exhibition Donations	13,439	-	-	-	13,439
3) Silks Restoration	4,079	5,048	(9,127)	-	-
4) Project Posts Funding	36,552	225,408	(239,939)	-	22,021
5) Relocation Funds	47,823	427,000	(479,513)	(78,413)	(83,103)
6) Education/Minibus	26,032	67,593	(40,609)	-	53,016
7) Other	2,500	1,986	(913)	-	3,573
8) Rothschild's Fountain Restoration	-	16,700	(7,152)	-	9,548
9) Charles II Statue	-	60,176	(48,175)	-	12,001
10) Monopoly JCR	-	17,388	(17,388)	-	-
11) Mellon Foundation	10,000	-	(10,000)	-	-
12) Retraining of Racehorses	-	210,000	(50,935)	-	159,065
	264,649	1,033,489	(903,751)	(78,413)	315,974

Transfers totalling £78,413 have been made from Restricted Funds to the General Fund representing the cost of assets purchased in accordance with grant conditions.

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 2016 (Continued)

23 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. £126,414 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) Silks Restoration

Represents a donation received to facilitate restoration work on specific silks held in the collection.

4) 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.

5) Relocation Funds

These funds are monies received to facilitate costs incurred in relation to the move to the Palace House site.

6) Education

Grant money received for the employment of an Education Officer.

7) Other

Various smaller grants and donations received for specific purposes.

8) Rothschild's Fountain Restoration

Funding received to facilitate the restoration of an historic fountain.

9) Charles II Statue

Funding received for the commissioning of a statue of Charles II.

10) Monopoly JCR

Funding received for the production of a limited '350 years of Newmarket' edition of Monopoly.

11) Mellon Foundation

Funding for employment costs for a Sporting Art Curator for part of 2016.

12) Retraining of Racehorses

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

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 2016 (Continued)

24 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 to the collection by the Friends of the National Horseracing Museum of £2,190 (2015: £1,125).

The Charitable Company is a member of the newly formed Discover Newmarket, a community interest company (registration number 9362242). During the year income of £4,750 (2015: £9,714) was derived from this association in the form of admissions and cafe revenue. At the year end, a balance of £1,492 (2015: £1,523) was owed to the Museum by this entity, and a balance of £6,811 (2015: £494) was owed by the Museum to this entity.

With the consent of the Charity Commission, Trustees indemnity insurance has been purchased as a part of the insurance cover of the Charitable Company as a whole and is not separately identified within total insurance costs of £24,677 (2015: £9,964).

During the year the Charitable Company recharged costs of £174,844 (2015: £nil) to its subsidiary Palace House Trading Ltd. Stock of £74,025 (2015: £nil) was transferred to the subsidiary on incorporation at cost. At the year end, a balance of £114,437 (2015: £nil) was owed to the Charitable Company by the subsidiary.

25 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Net income for the year	1,279,708	785,918	1,287,074	785,918
Depreciation charge	30,601	14,857	30,601	14,857
Profit on disposal of assets	(1,417)	-	(1,417)	-
Investment (gains)/losses	(26,882)	20,598	(28,484)	20,598
Investment income	(27,574)	(18,025)	(27,574)	(18,025)
(Increase)/decrease in stock	(73,509)	(16,989)	38,489	(16,989)
Increase in debtors	(1,071,349)	(71,522)	(1,135,574)	(71,522)
Increase in creditors	4,450,517	53,363	4,374,717	53,363
Net cash provided by operating activities	4,560,095	768,200	4,537,832	768,200

26 CONTINGENT LIABILITIES

The charitable company is a member of a VAT group with Palace House Trading Limited. Both entities are jointly and severally liable for the VAT liabilities of the group. At 31 December 2016 there was £17,927 (2015: £nil) payable to HM Revenue and Customs from other group companies.

Whilst no estimate can be established as to any quantum of liability, the Trustees considered that it is possible that VAT recovered in the course of the Museum's business may be repayable in some part to a third party at some point in the future.

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 2016 (Continued)

27 ANALYSIS OF PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES BY FUND

	Unrestricted £	Designated £	Restricted £	Endowment £	Total 2015 £
Income from:					
Donations and legacies	89,204	-	489,708	910,437	1,489,349
Charitable activities	63,844	-	-	-	63,844
Other trading activities	196,008	-	-	-	196,008
Investments	11,239	-	29	6,757	18,025
Total income	360,295	-	489,737	917,194	1,767,226
Expenditure on:					
Costs of raising funds	231,769	-	144,783	-	376,552
Charitable activities	243,307	-	340,851	-	584,158
Total expenditure	475,076	-	485,634	-	960,710
Net losses on investments	-	(9,563)	-	(11,035)	(20,598)
Net (expenditure)/income	(114,781)	(9,563)	4,103	906,159	785,918
Transfers between funds	81,468	98,011	(172,722)	(6,757)	-
Net movement in funds	(33,313)	88,448	(168,619)	899,402	785,918
Reconciliation of funds:					
Fund balances brought forward	45,225	238,444	433,268	66,162	783,099
Fund balances carried forward	11,912	326,892	264,649	965,564	1,569,017

28 FINANCIAL INSTRUMENTS

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

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Financial assets:				
Debt instruments at amortised cost	1,152,035	122,906	1,216,260	122,906
Equity instruments at cost less impairment	-	-	1	-
Instruments at fair value through SOFA	1,666,405	1,142,447	1,666,405	1,142,447
Financial liabilities:				
Measured at amortised cost	4,585,088	145,302	4,530,116	145,302

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 2016 (Continued)****29 OBLIGATIONS UNDER LEASE COMMITMENTS**

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
<i>Plant & machinery</i>				
Within one year	19,796	-	19,796	-
Within two to five years	34,641	-	34,641	-
	<hr/>	<hr/>	<hr/>	<hr/>
Measured at amortised cost	54,437	-	54,437	-
	<hr/>	<hr/>	<hr/>	<hr/>