



RACING HOMES

(formerly Stable Lads Welfare Trust
Housing Association Limited)

Report and Financial Statements

31 December 2020



Registered charity number: 1122961

Company registration number: 06489067

Contents

- 1 - Officers and professional advisors
- 2 - Trustees' report
- 26 - Independent auditor's report
- 30 - Statement of financial position
- 32 - Statement of cashflow
- 33 - Notes to the financial statements





LEGAL AND ADMINISTRATIVE DETAILS

TRUSTEES AND DIRECTORS

Simon Hope (Chair)

William Barlow

Craig Glasper

Gary Middlebrook (resigned 9 June 2020)

Patrick Russell

CHIEF EXECUTIVE

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CHAIR'S STATEMENT

Our Chair, Simon Hope, reflects on 2020

2020 has been an extremely challenging year globally and the effects of the pandemic have impacted horseracing substantially. The team at Racing Homes, and within the wider Racing Welfare group, worked swiftly to adapt working practices, implement new policies and procedures and safe working practices to ensure that the services provided across the group were uninterrupted.

Despite the difficulties facing construction during the pandemic, the team managed to complete the refurbishment of MacDonald Buchanan House, our young people's accommodation in Newmarket. This scheme now provides 18 high quality bedsits, for those aged 16-24, supported by a dedicated housing support officer. It has been a huge success with tenants, their families and employers praising the scheme. The role of the support officer has been equally as successful with young people reporting the positive impact that she has made, in addition to the benefits it has brought to Racing Homes. These include a marked reduction in rent arrears and a reduction in issues requiring welfare intervention.

My fellow trustees and I spent time in the year working through the risk appetite, resource capabilities and financial opportunities available to grow the portfolio, with a strong focus on sustainability. The result is a clear growth strategy that enables the team to focus their efforts on the areas that will yield the most success. We continue with our commitment to a project in Middleham and move closer towards a project in Lambourn. 2021 will see more significant steps in these projects with the support of The Jockey Club's property team.

The housing team have matured and the promotion of Robyn Leamy to Head of Housing will allow the new policies and procedures to be embedded into the organisation. With her extensive experience in housing, she will bring a more customer focused approach to developing our services in line with our tenant needs. We retain the vital skills and knowledge in asset management via our close relationship with Jockey Club Estates. This winning combination has seen us ride out a difficult 2020 and will see us thrive in 2021.



Simon Hope
Chair



TRUSTEES' REPORT

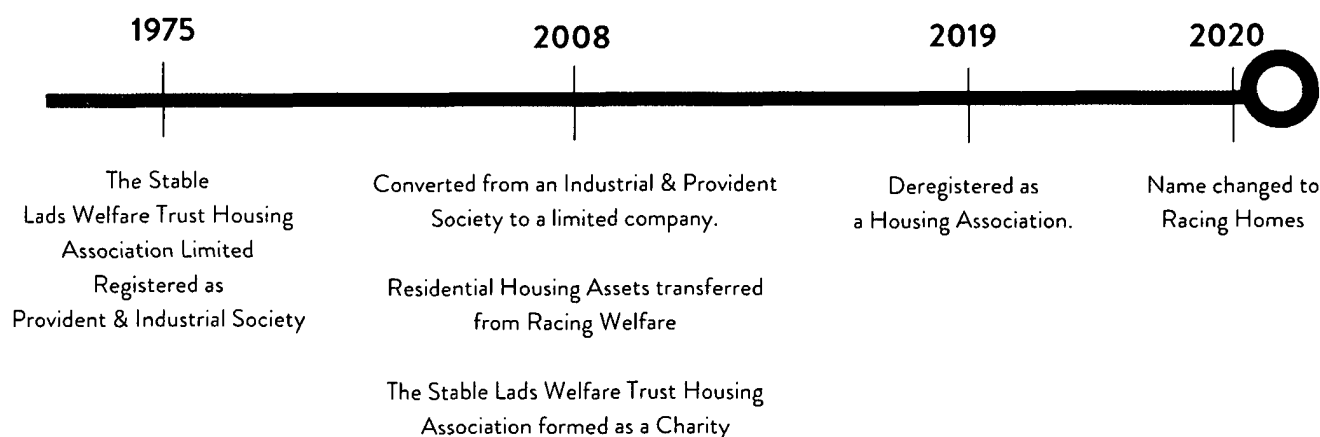
Objectives and Activities

The Trustees present their annual report and the audited financial statements of the charity for the year ended 31 December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

OBJECTIVES AND ACTIVITIES

WHO WE ARE

On 15 September 2020 the Trustees passed a special resolution to change the name of the charity from The Stable Lads Welfare Trust Housing Association Limited to Racing Homes. The charity is the wholly owned subsidiary of Racing Welfare and the two charities work very closely together, both operationally and via their aligned charitable objectives. Racing Homes shares senior management resource with Racing Welfare but is governed by a separate board of trustees, and operationally has its own fantastic team of employees.



WHAT WE DO

The principal activity of the charity is the provision of affordable housing. Racing Homes' objects, as described formally in its governing document, are to provide affordable housing and associated amenities to those people that need it. In particular, the charity has a focus on providing specially designed or adapted living facilities for those retired beneficiaries who require them due to disability.

Racing Homes manage a housing stock of 165 units of accommodation. Six of these units are owned by Epsom Racing Staff Welfare and 13 by Racing Homes' wholly owned subsidiary, The Rous Charity. In addition, Racing Homes has 23 nomination rights in retirement properties

TRUSTEES' REPORT

Objectives and Activities continued

WHAT WE DO (continued)

The whole portfolio is broken down into schemes. Each scheme houses either retired beneficiaries, young people or working staff. In more recent years the Trustees, in reviewing which group of the racing community had the greatest need for access to affordable housing, decided to transition away from housing working staff and focus on young and retired. Today, the majority of the portfolio provides housing for these two beneficiary groups:

Young People – 23 % of the portfolio

This decision was made due to the difficulty faced by young people who work in horseracing in accessing affordable, safe accommodation. Horseracing employs a relatively high proportion of young people. For many, this can mean the first time they are living away from home. This is coupled with the challenge that under 18s cannot legally hold an interest in property, in the form of a tenancy, and so often end up with unsuitable or unsafe living arrangements.

Research has shown that a relatively high attrition rate from the industry, by people in this group, can often be attributed to the experiences encountered outside of their employment. Providing schemes of accommodation where young people can be supported in their transition to independent living, has been shown to improve retention and well-being. The team acknowledge the increased risks housing young people poses, in particular around safeguarding, but with robust policies and procedures in place, these risks have been mitigated to acceptable levels.

Retired – 70% of the portfolio

The competition for social housing is fierce, particularly in many of those areas densely populated by horseracing businesses. Racing Homes commissioned a housing needs survey in 2015 which established that, due to the location of the racing centres, there is a lack of availability of suitable housing and in all cases, house prices are very high.

Working Staff – 7% of the portfolio

This percentage has decreased over the last five years and now only two schemes still remain dedicated to working staff. This allows the charity to keep a small number of units available, should we have particularly vulnerable beneficiaries or those with special requirements.



TRUSTEES' REPORT

Objectives and Activities continued

WHAT WE DO (continued)

Racing Welfare work very closely with Epsom Racing Staff Welfare, a charity with similar objects, based solely in the racing hub of Epsom. The charity owns two three bedroom houses which are managed by the Racing Homes team. In addition, the finance and administration function is provided by Racing Welfare.

A number of our properties have disabled living adaptations and the Racing Homes team work closely with the welfare officers from Racing Welfare to ensure that tenants' needs are monitored and any special adaptations or equipment is installed.

Affordability is a key part of the charity's objects and the trustees have bench-marked and consulted with both the housing team and the welfare team at Racing Welfare, in order to set rent levels. A significant proportion of tenants receive statutory benefits which subsidise or fulfil rental values up to Local Housing Allowances. For young people, Local Housing Allowance rates have been evaluated by the welfare team as affordable for those on standard age-related wage rates in the industry. As such the trustees agreed to transition to Local Housing Allowance rent rates from 2019. There will be a gradual increase for existing tenants and immediate increase on new tenancies, which are subject to affordability testing prior to sign up.

In 2019 the completion of the newest scheme, Summerhill House, set a new benchmark for the quality of housing Racing Homes aspires to provide across its entire portfolio. The Trustees are looking at an ambitious 10-year plan, expanding the property portfolio in those areas with the greatest need. Quality, affordable housing for all of racing's workforce, which is estimated at 20,000 people, is not something that can realistically be achieved by a portfolio and charity of this size. However, in 2021 the trustees will consider how it can be the driving force behind a significant step change in the racing industry that will ensure that all racing's workforce have access to quality, safe and affordable housing. This can only be achieved by working closely with the regulatory body for racing and other key stakeholders in the industry.



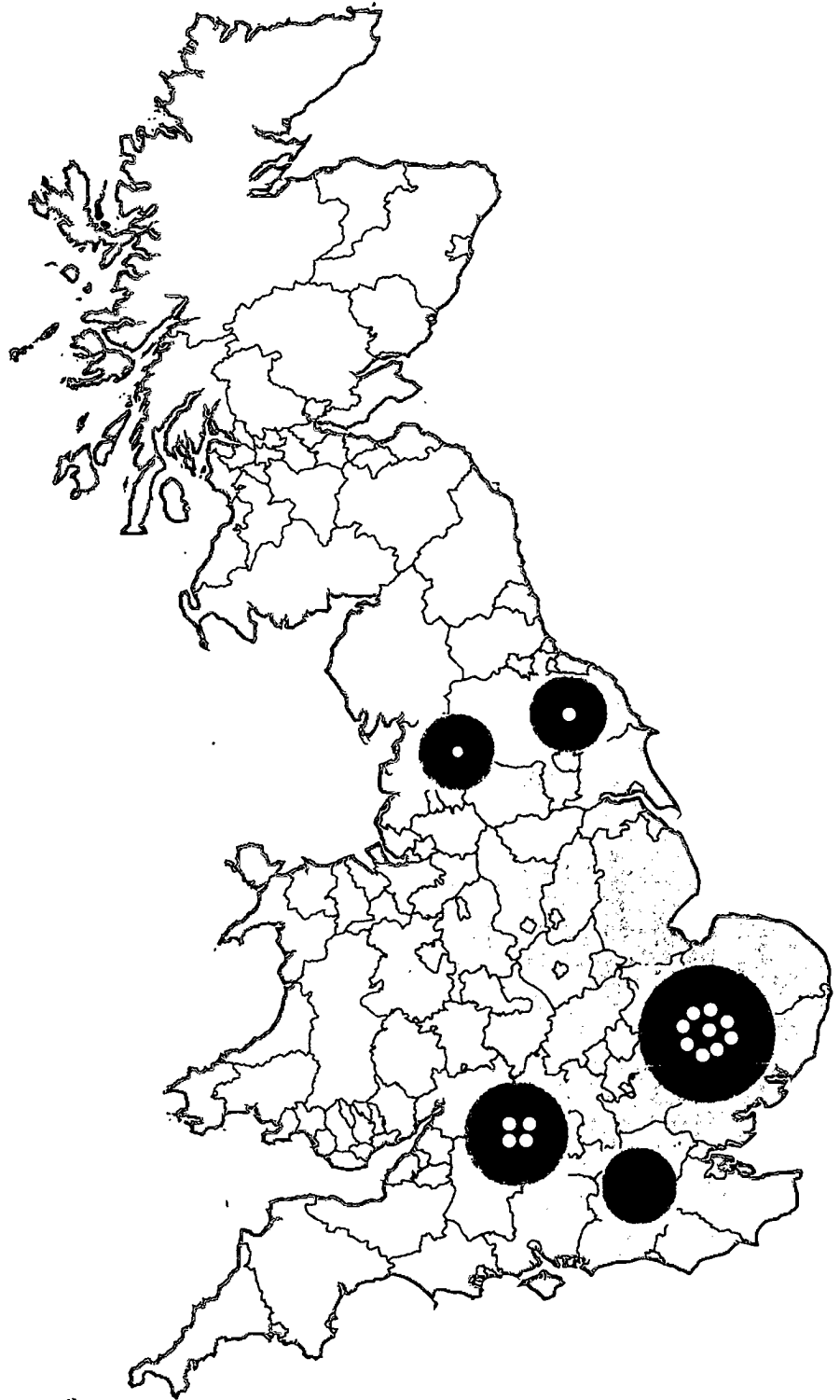
TRUSTEES' REPORT

Objectives and Activities continued

WHERE WE DO IT

Whilst there is a concentration of racing industry staff in the main horseracing training centres shown on the map, racing businesses and their employees can be found in all counties throughout Great Britain. The collaboration with Racing Welfare, who geographically cover the entire country, enables Racing Homes to support and advise the workforce on general housing issues, regardless of whether they are a current tenant. The new strategy being developed in 2020 will further widen this reach, through direct support or by influencing macro level change in employee housing.

The Trustees referred to the guidance contained on the Charity Commission's general guidance on the public benefit requirement under the Charities Act 2011 when reviewing its aims and objectives and in planning future activities. In particular, they have considered how planned activities will contribute to the aims and objectives of the charity and remain confident that they continue to satisfy the statutory requirements - albeit that the charity limits the services it provides to those working in, or retired from, the horseracing and thoroughbred breeding industry.



TRUSTEES' REPORT

Achievements and Performance

ACHIEVEMENTS AND PERFORMANCE

WHAT WE HAVE ACHIEVED

In 2020 the 165 units in the portfolio housed 156 tenants. There were 58 new lets in the year and the new void refurbishment programme enabled the upgrade of eight units of retired accommodation and 1 unit of our working staff accommodation. This programme of refurbishment will see the entire portfolio upgraded to a high standard over the coming years, as and when properties become vacant.

During the year we completed the major refurbishment works on MacDonald Buchanan House and let all 18 units to young people working in Newmarket. The project at Middleham was placed on hold due to the pandemic and will be progressed in 2021.



Summerhill House, Newmarket

TRUSTEES' REPORT

Achievements and Performance continued

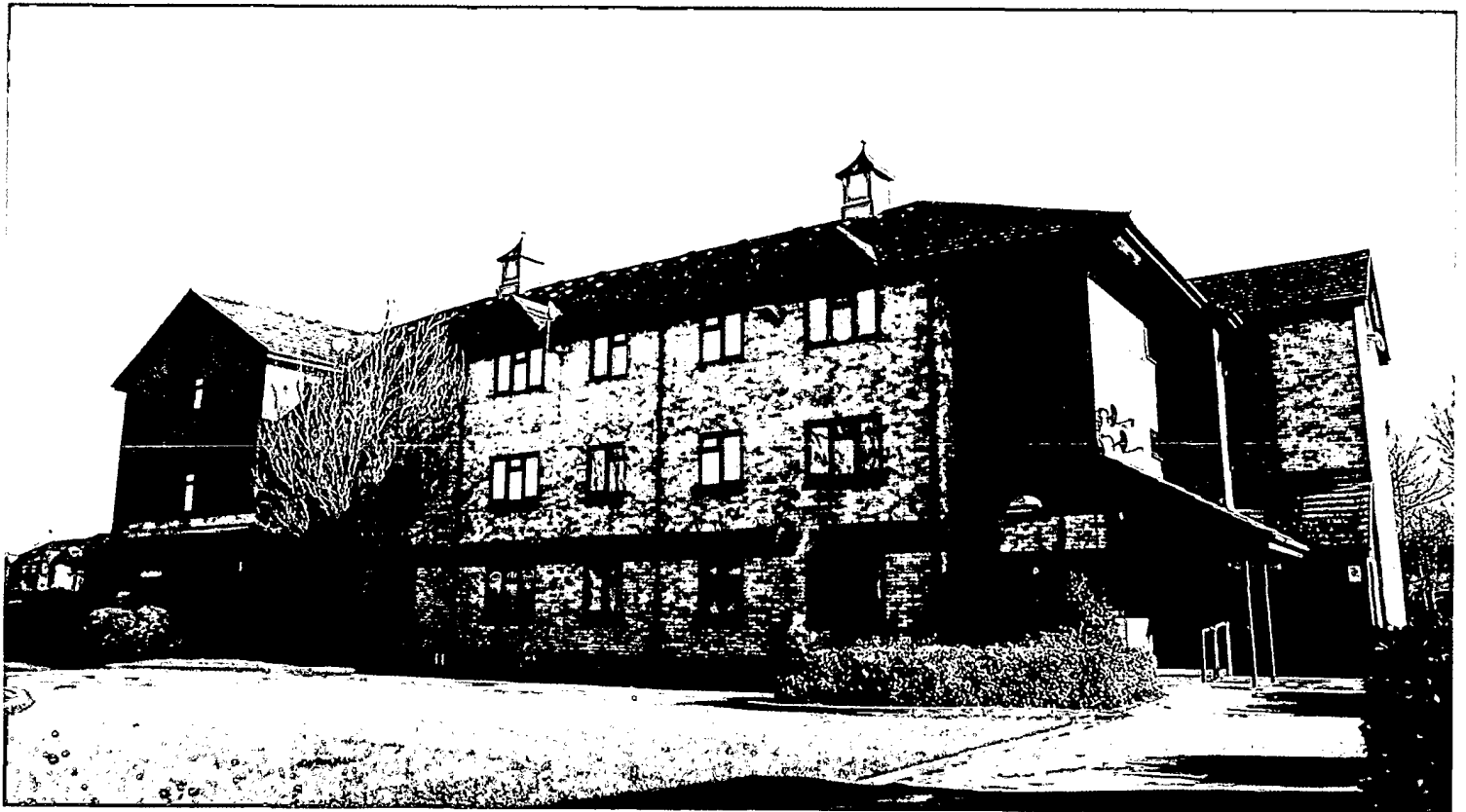
WHAT WE HAVE ACHIEVED (continued)

MacDonald Buchanan House

MacDonald Buchanan House is an 18-unit property of bedsit style accommodation which historically housed working staff. The results of the housing needs survey carried out in 2015 established a greater need for housing young people and retired staff. As such, the redeployment of MacDonald Buchanan House from working staff to young people's accommodation was approved by the Trustees. The works started in November 2019 and completed in May 2020. The welfare team from Racing Welfare, alongside the housing team, worked closely with every existing tenant to ensure that new accommodation was secured prior to the start of works. The result is 18 units of student style accommodation developed to a high standard with shared laundry facilities.

The development was made possible by the generous support from the MacDonald Buchanan Trust, the Alborada Trust, the proceeds from Newmarket Open Weekend and Racing Homes' own reserves.

The tenants are supported by a Housing Support Officer, who provides specific support to young people who face a unique set of challenges in adapting to life away from home, often when they are still under 18 years of age. The Housing Support Officer helps the individuals to develop life skills including finance, cooking, career development and mental wellbeing.



MacDonald Buchanan House, Newmarket

TRUSTEES' REPORT

Achievements and Performance continued

WHAT WE HAVE ACHIEVED (continued)

Case Study - 2020

Levi was one of the first residents at MacDonald Buchanan House when it opened in April 2020. At the age of 20, he had completed his foundation course at the British Racing School (BRS) and secured a full-time job with William Haggas.

Levi's journey into racing has been unusual. In the early years of his life he moved around a lot with his family. His mother was a very keen horsewoman and wherever they lived she would find employment with horses. This inspired Levi's interest and he began learning to ride at just five years old.

After a period living abroad, Levi moved backed to the UK when he was 16 to live with his sister. He thought he'd outgrown his love for horses and he went from course to course and job to job before becoming a support worker in a care home for disabled people and this is when his passion for horses returned.

The television was permanently on in the care home lounge and Levi began

watching racing as often as he could. He says with a smile: "I remember watching Royal Ascot and admiring the horses and the jockeys and thinking I want horses back in my life, I miss them!" Soon after, he was accepted onto a course at the BRS.

Levi says that when he moved in with his sister his life had "hit rock bottom" but that racing has given him a job, a home and a purpose. He says: "Moving out of the BRS and into MacDonald Buchanan House has been so helpful. It has given me my own space where I am able to experience living on my own for the very first time."

Having been worried about coping on his own, Levi has found that the support he receives at MacDonald Buchanan House has made him feel secure. With the help of his Housing Support Officer, Levi is successfully making the transition from teenager into adulthood and now feels happy and healthy and, in his own words he has: "at last found what I want to do and where I want to be."

TRUSTEES' REPORT

Achievements and Performance continued

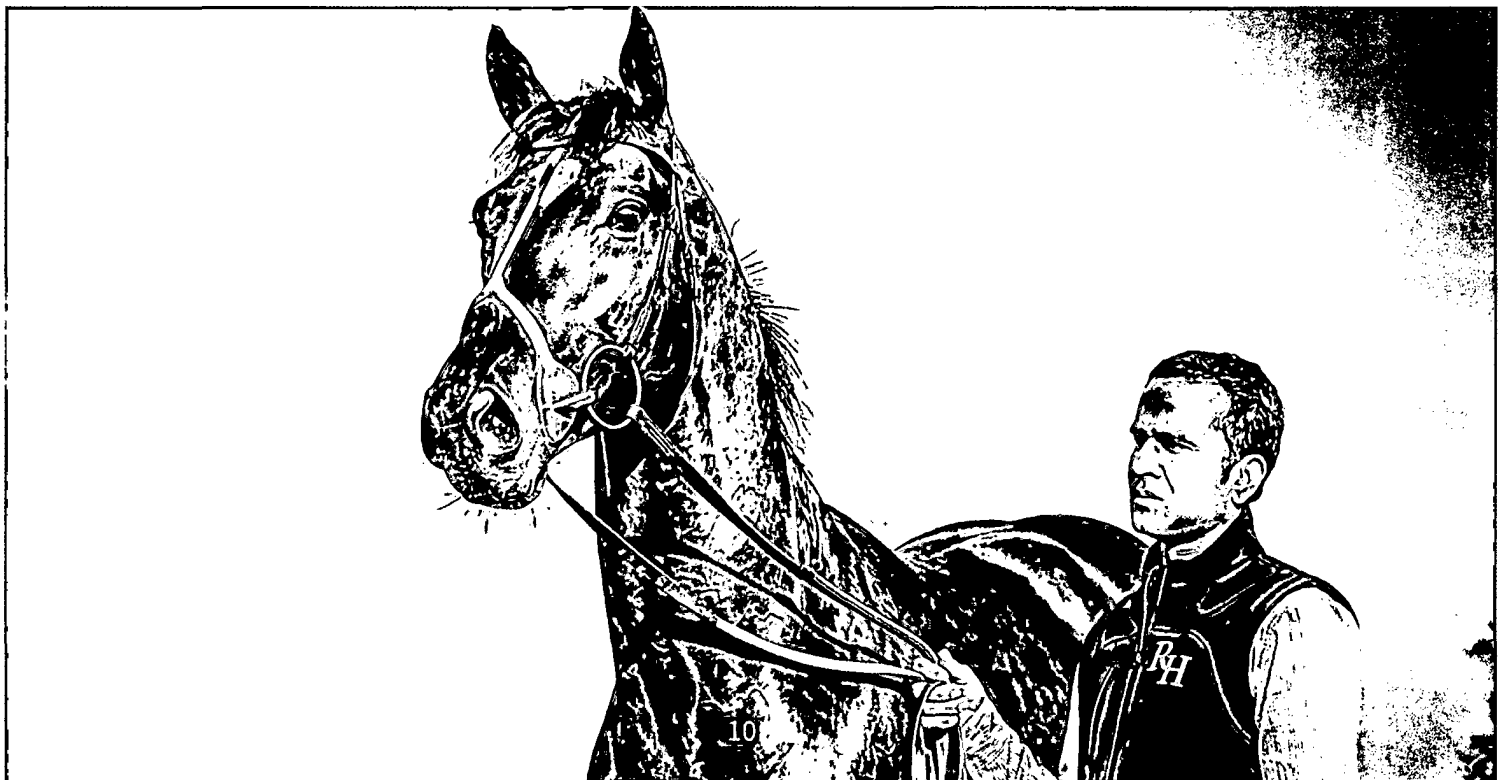
WHAT WE HAVE ACHIEVED (continued)

Case Study - 2020

Stewart was 61 years old when he found himself being made redundant from his job in racing that came with tied accommodation. Stewart had been working in the industry for over 40 years having started as a work rider at just 15 years old.

Being made redundant was a difficult time for Stewart and he worried about what he would do. Fortunately, Racing Homes were able to step in and help. When we received Stewart's application, we realised that there was a real risk of imminent homelessness and were able to act quickly to reassure Stewart and provide support. The Housing Officer assigned to Stewart's case liaised with him frequently during every stage and was able to give him advice on both his current notice to quit and his rights.

Racing Homes had a void studio flat becoming available in Stewart's area but it was undergoing works that weren't due to end until the week after the applicant would become homeless. His Housing Officer encouraged and supported him to approach his employer to ask for a week's extension so that he could wait for the Racing Homes flat. His request was granted and he was able to move into his new home on the same day as the works were completed. Stewart was clearly relieved and happy to have found support from Racing Homes and talking about his new home said: "I love it here, it's nice and quiet and after a worrying time I couldn't be happier, for me it's grand."



TRUSTEES' REPORT

Achievements and Performance continued

WHAT WE HAVE ACHIEVED (continued)

Hill House

Hill House in Middleham is a grade two listed property set in the centre of the town. Racing Welfare purchased the property in 2018 in order to develop it to create a multi-purpose offering for the town. The project will feature young people's accommodation, a community space, an IT suite, a gym and physio treatment room plus office space for Racing Welfare's staff who are based in the town. The planning phase has taken longer than originally anticipated due to revisions to the architectural drawings, which resulted from a review of the suitability of the original plans. The development of the property will be carried out by Racing Homes and a leasehold will be granted from Racing Welfare to Racing Homes in 2020 to enable this. The Trustees of Racing Homes have been mindful to prioritise maximising the scheme's potential, ensuring that the significant investment results in a building that is a fit for purpose, over and above meeting original deadlines set for starting the works. In 2020, due to the pandemic, a decision was made to temporarily delay capital projects that were not in the final stages of development. This was to reduce the risks associated with covid restrictions. Recommencement of all capital projects has started in April 2021 and the team will be looking at the next phase for Middleham.

During 2020 the Racing Homes board engaged with Savills to produce a growth strategy. This important piece of work was made possible by a generous grant from the Racing Foundation. The strategy enabled the board to consider all the possible funding options for growth which has enabled them to set a realistic path for the next 10 years of portfolio expansion. The results confirmed that the charity has the capacity to carry out two medium scale projects (up to 40 units) every ten years, given its capacity for fundraising and subject to receiving a mix of donations, larger grants and some debt financing. We therefore continue to be reliant on our loyal base of supporters to successfully deliver more houses for racing's current and retired workforce.

For the majority of the year the housing function was overseen by Jockey Club Estates Residential Property Manager, Jason Downs, under a Service Level Agreement (SLA). Towards the end of the year the promotion of our in-house Housing Manager Robyn Leamy to Head of Housing changed the relationship of the SLA with Jockey Club Estates to one of pure asset management. This was a seamless transition given the close working relationship of the two teams and plays to the strengths and expertise of each party.

The new asset management software, Pyramid, is now fully embedded within Racing Homes and is improving our reporting on arrears, voids, compliance and repair management.

TRUSTEES' REPORT

Achievements and Performance continued

HOW WE ACHIEVED IT

Racing Homes shares senior management team resource with Racing Welfare and Jockey Club Estates. The CEO and COO of Racing Welfare oversee Racing Homes but the day to day running of the charity is delegated to the Head of Housing, Robyn Leamy. We continue to work closely with Jockey Club Estates who provide Racing Homes with an asset management service in order to maintain the portfolio. This service provides a cost-effective solution for both parties and builds operational efficiencies across both portfolios. In addition, our capital projects are supported by the Group Property Team at the Jockey Club.

Racing Homes finance function is provided by the Racing Welfare finance team headed up by the Chief Operating Officer of Racing Welfare. Racing Homes has its own accounts assistant who reports into Racing Welfare's Head of Finance. Welfare support and advice is provided by Racing Welfare's welfare team headed up by the Director of Welfare and fundraising for capital projects in Racing Homes is provided by Racing Welfare's fundraising team, headed up by the Head of Fundraising.

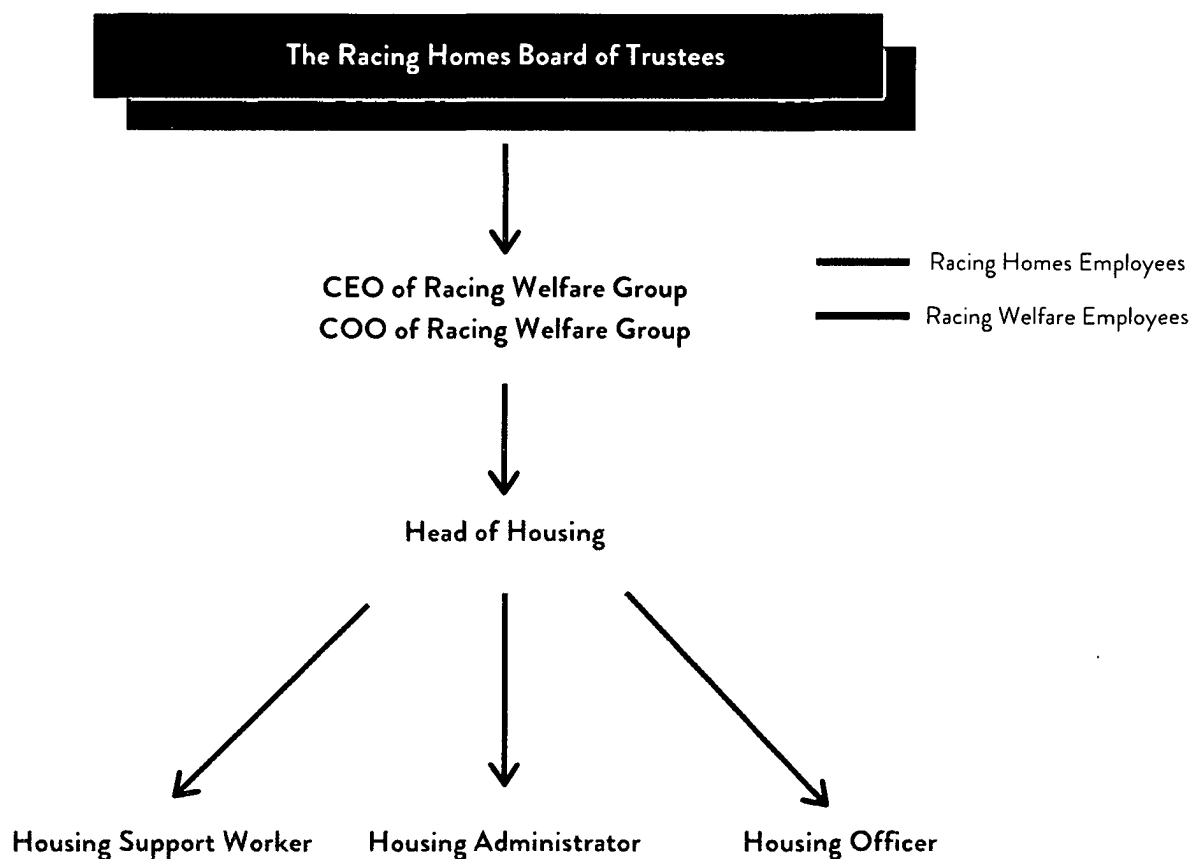
In addition to the close association with Racing Welfare's welfare team, Racing Homes employs a Housing Support Officer. The role was introduced in 2019 to provide support and guidance to the young people housed by Racing Homes across the portfolio, with an emphasis on providing holistic support to enable them to thrive in both their home and work lives. This has improved rent arrears and bad debts but also there are early signs of improved retention and wellbeing of staff in the horseracing industry. This post was funded in 2020 by a grant from Racing Welfare, made possible by the generous support of Godolphin. We are delighted and extremely grateful to EBM Charitable Trust who understand the value this role brings to the industry and have pledged to fund the position throughout 2021.



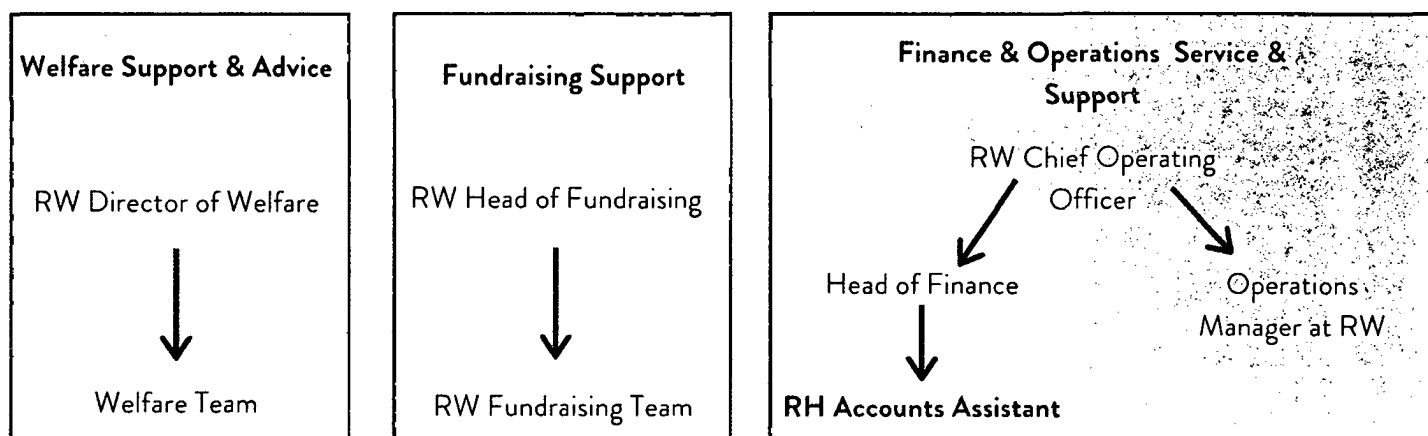
TRUSTEES' REPORT

Achievements and Performance continued

HOW WE ACHIEVED IT (continued)



Support Services Provided by Racing Welfare



TRUSTEES' REPORT

Achievements and Performance continued

WHAT WE PLAN TO DO NEXT

The new Head of Housing has a number of initiatives to bring to fruition in 2021. A new housing panel will be formed of current tenants who will become champions. These champions will represent the views of tenants and will act as a sounding board for any new initiatives or policy changes that Racing Homes propose to implement. The tenant panel will be given the opportunity to attend a board meeting once a year to speak with the trustees on any matters they wish to raise and they will be encouraged to liaise closely with the housing team, providing feedback and suggestions for improvements on service, standards and communications. A new tenant newsletter will be launched to keep tenants up to date on community events and Racing Homes' performance statistics. A tenant satisfaction survey will be undertaken, the findings from which will shape our future services. The community events will be restarted with the aim of creating a strong bond between local residents within, and across, our neighbouring schemes. We know that bringing together people with a shared love of racing, from different age ranges and experiences, can bring significant benefits. We are further developing our support for 16 – 18 years olds with the introduction of tailored support plans and weekly check-in meetings co-ordinated and delivered by our dedicated Housing Support Officer, this will also be rolled out to young people in our accommodation across the country, having been trialled in Newmarket in 2020.

Two other areas the team will begin to research in 2021 are homelessness and decarbonisation.

Homelessness is on the increase, not just within the horseracing industry but throughout the UK.

Racing Welfare and Racing Homes have created an internal Homelessness Group in 2021, with the task of researching the issue and considering the work that can be done within the industry to help combat it.

The government decarbonisation strategy aims for the UK economy to become net carbon zero by 2050. This will have a significant impact on the housing sector. 2021 will see Racing Homes take the initial steps in forming its own strategy with a scoping exercise carried out by a specialist consultancy firm. The charity will take the initial steps needed to enable the capture of essential energy information and will identify the biggest impact changes that can be prioritised.



TRUSTEES' REPORT

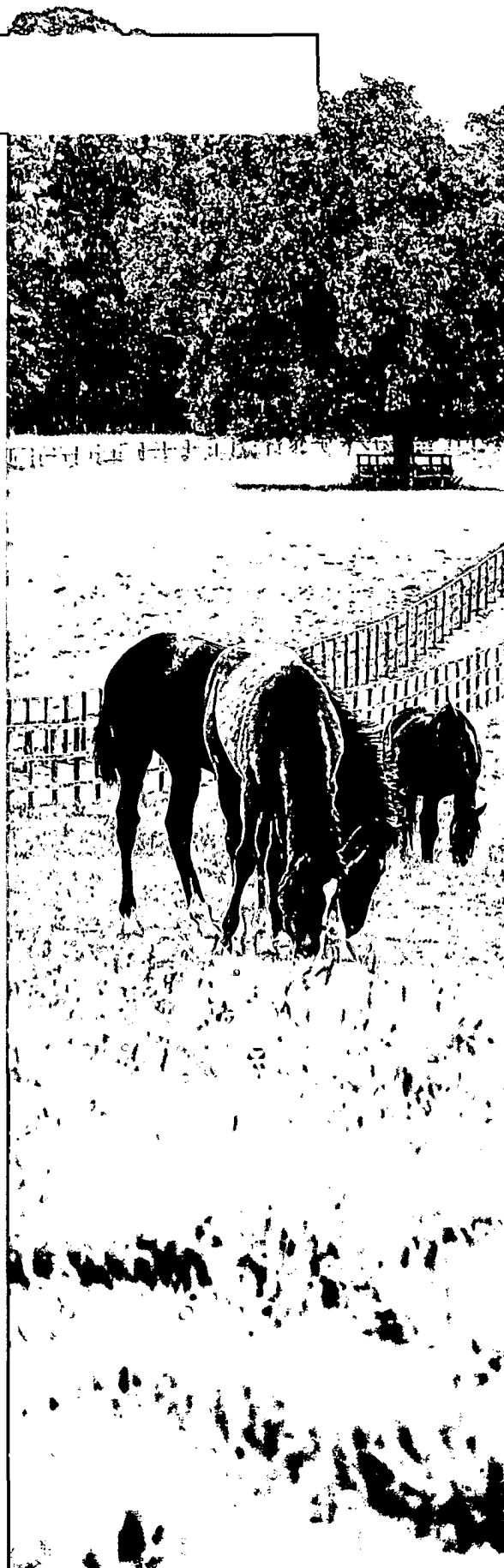
Achievements and Performance continued

WHAT WE PLAN TO DO NEXT (continued)

The capital projects will be re-started in 2021 with the housing development team carefully assessing the risks associated with development and revisiting budgets and costings. Financing our projects is still an area of focus for the team, along with planning how we can begin to work towards our vision: that everyone from the horseracing and breeding industry has access to high quality, affordable, safe housing. This is alongside our mission: to sustainably grow a high quality, affordable housing portfolio that demonstrates best practice in housing management and delivers services that improve beneficiaries' lives.

The senior management team have been undertaking research into housing for racing's staff across other racing jurisdictions including France, Australia, Ireland and Hong Kong. The result is an aspiration to have a hub in every racing centre which provides holistic support for racing's workforce, including housing, welfare, medical and sporting facilities in one place.

The charity will embark on the redevelopment of Hill House in Middleham, continue to pursue a potential opportunity in Lambourn and work on a collaboration with Jockey Club Estates in Newmarket.



TRUSTEES' REPORT

Financial Review

OUR FINANCIAL PERFORMANCE

Our Income

Racing Homes reported an increase in income in 2020. The total income for the year was £1,632.6k (2019: £894.8k).

Following the completion of Summerhill House in November 2019, the full impact on housing income was felt in 2020, with income from this scheme responsible for a 21% increase. MacDonald Buchanan House was fully occupied from June 2020, following a nine-month programme of refurbishment, which was responsible for a further 4% increase in housing income.

Income from donations and legacies increased (£852.9k; 2019: £309.2k), and includes grants totalling £296.8k received from Racing Welfare towards the refurbishment of MacDonald Buchanan House and £500k towards the development in Middleham.

Our Expenditure

Expenditure in the year increased from £776.7k in 2019 to £911.2k. £65.7k of this increase is attributable to depreciation following the completion of Summerhill House and refurbishment works on MacDonald Buchanan House, and a further £58.5k of governance costs in relation to future funding options and the proposed consolidation with the Rous Charity. A saving of £70.0k was made in relation to donated services provided by The Jockey Club, this was due to vastly reduced activity on capital projects in the year. The remainder of the increase is due to one off events.

Racing Homes benefits from group purchasing opportunities from The Jockey Club. This affords us the benefit of economies of scale, despite being of modest size. At the end of 2019, an issue arose with the energy broker and a period of high energy costs contributed to the increase in costs until March 2020. The issue has been resolved and energy costs are back to competitive rates.

Balance Sheet

The £500k grant from Racing Welfare towards the Middleham development has contributed to the increase in cash at bank and in hand. This, allied with paying down a large proportion of the inter-charity loan with Racing Welfare during the year, has seen a change in the net current asset position of the Charity to £433.7k at the end of 2020 from a net current liability position of £344.4k at the end of 2019. Net assets as at 31 December 2020 were £12.2m (2019: £11.4m).

TRUSTEES' REPORT

Financial Review continued

OUR FINANCIAL PERFORMANCE (continued)

Managing our Reserves

Racing Homes holds reserves for the purpose of owning, maintaining and developing the housing portfolio. As at 31 December 2020 the charity held total reserves of £12.2m (2019 - £11.4m). Unrestricted funds amounted to £4.2m (2019 - £4.0m) and restricted funds were stated at £7.9m (2019 - £7.5m). Within the unrestricted funds are £4.2m (2019 - £4.3m) of designated funds which represent the net book value of fixed assets and associated liabilities that are not classified as restricted. The designated fund will be expended in line with the amortisation of the properties represented by the fund. Restricted funds represent properties which have been transferred to Racing Homes with a restriction imposed relating to the requirement to house individuals working in or retired from the horseracing and breeding industry.

The charity has a reserves policy, in line with its parent, to keep six months of property management costs in free reserves. This is estimated at £190.0k. Free reserves, represented by the revenue reserve, are £25.7k in deficit as at 31 December 2020 (2019 - £308.9k deficit). The deficit was caused by funding of two capital projects. The strategy for funding the refurbishment works at MacDonald Buchanan House was for Racing Welfare to raise the money through a fundraising campaign. This campaign was carried out and, very generously, a number of trusts supported the project but there was a shortfall of £224.9k. In addition, Summerhill House was funded partly by reserves and partly by a loan, and with an unexpected loss reported in 2018 the general reserve became depleted beyond the level expected by the trustees when the funding strategy for Summerhill House was set. The reduction of the deficit during 2020 is in line with Trustee expectations and the general fund is anticipated to return to a surplus position during 2021.

Post year end the board applied for a grant from Racing Welfare to subsidise the shortfall between current rents charged in 2020 and those that would have been charged if an immediate blanket policy of Local Housing Allowance rates had been applied. The grant of £225.2k was formally agreed at the Racing Welfare board meeting in March 2021 and reserves are now back in line with policy.

Going Concern

The trustees have considered whether there are any material uncertainties about the charity's ability to continue as a going concern. At the balance sheet date, the reported deficit on the revenue reserve was a result of the use of charity reserves to fund capital projects. As noted above, a grant from Racing Welfare was approved in March 2021 bringing reserves back in line with policy.

On 11 March 2020, the World Health Organisation declared a global pandemic, Covid-19. The disease had a significant impact on the global economy with markets heavily affected and predictions of the biggest global recession in centuries. Operationally, the Charity was able to act swiftly to protect employees. All staff within the Racing Welfare group were quickly working effectively from their own homes. The Trustees have reviewed the financial risks presented by this uncertainty and the threat to the population.

TRUSTEES' REPORT

Financial Review continued

Going Concern (continued)

In particular, they have paid note to the groups within the population who represent the largest proportion of Racing Homes' tenants, young people and those of retirement age and older. The Trustees have also considered the impact on the horseracing and breeding industry as a whole.

The balance sheet impact is assessed as minimal, as the majority of the funds are represented by land and building of which there are no plans to liquidate. The majority of housing income is received from retired beneficiaries (70%) and a significant number of these people will be in receipt of state pension and/or benefits. 27% of the total rent roll is paid directly to the charity from government provided benefit payments. Tenants facing hardship are able to access support through Racing Welfare and the specifically designated industry Covid-19 hardship fund. The Charity's forecasts cover a period of 12 months from the approval of this report and no issues were identified that would give rise to a going concern risk.



Principal Risks and Uncertainties

Racing Homes is responsible for ensuring that effective and adequate risk management and internal control systems are in place to manage the major risks to which the charity is exposed. Racing Homes is included under Racing Welfare in terms of risk management and a formal risk management process to assess business risks and implement risk management strategies is in place. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process, the trustees keep under constant review the adequacy of the charity's internal control systems. In 2020 a more detailed risk register was developed which feeds into the Racing Welfare register.

TRUSTEES' REPORT

Financial Review continued

Principal Risks and Uncertainties (continued)

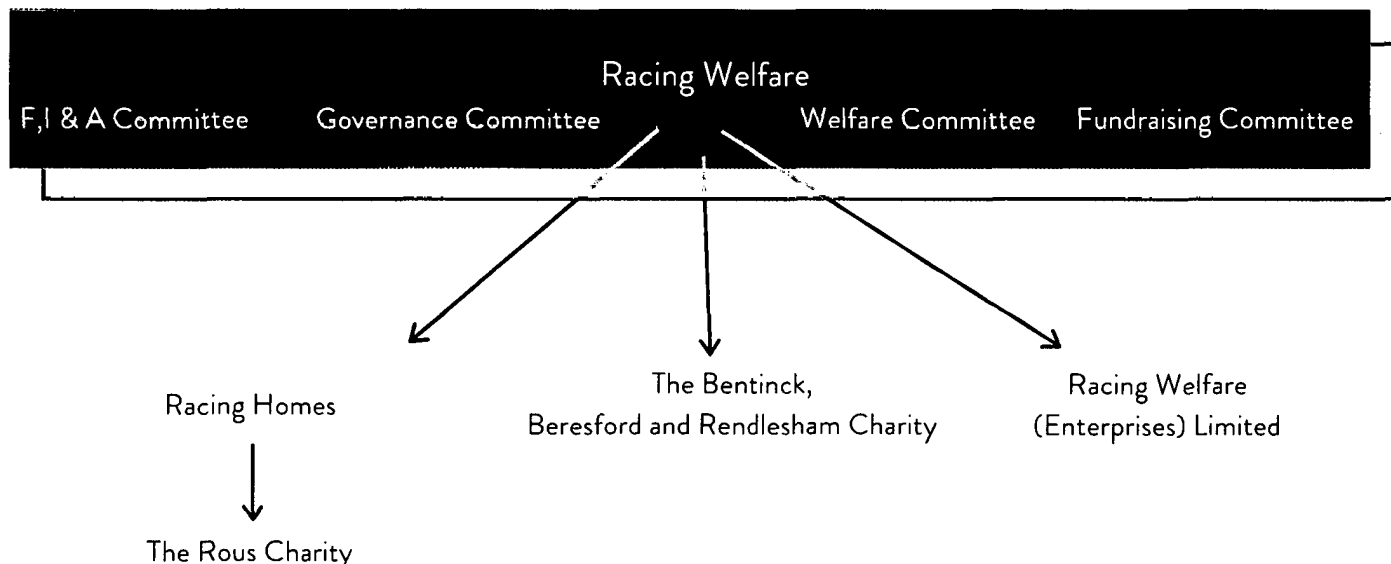
The principal risks identified by the trustees together with the actions taken to mitigate the risks are set out below:

Risk Description	Risk Mitigation
<p>Failure to protect vulnerable adults and young people:</p>	<p>All staff are appropriately vetted in accordance with law and current regulations. The charity adopts Racing Welfare's safeguarding policy which is regularly reviewed by dedicated safeguarding staff. Safeguarding training is undertaken by all staff. DBS checks are carried out on all trustees</p>
<p>Failure to comply with GDPR:</p> <p>Failure to comply may result in a data breach causing reputational damage and financial losses to the Charity.</p>	<p>The charity has ensured all policies and procedures are updated regularly to comply with GDPR. IT security is maintained by The Jockey Club's skilled IT professionals with all sensitive data stored and transmitted securely. All staff undertake comprehensive training on an annual basis with new staff undertaking this as part of their induction.</p>
<p>Breach of Health and Safety Regulations:</p> <p>A breach of H&S regulation may result in injury to tenants, beneficiaries or staff or damage to property resulting in financial losses and reputational damage.</p>	<p>The charity sits within the Jockey Club's Health and Safety Management System. Jockey Club Estates are contracted to deliver our Asset Management service and the JCE team hold H&S qualifications. All Racing Homes internal staff undertake comprehensive training on an annual basis with new staff undertaking this as part of their induction. Key staff are given responsibility for identifying and reporting H&S issues. Regular fire alarm testing is carried out at all properties and all equipment PAT tested. In addition, the new housing management system is now used across the portfolio has been designed to assist with effective compliance monitoring.</p>
<p>Business interruption risk:</p> <p>Business interruption due to something outside of the control of the charity e.g. Covid-19 could result in loss of operation and service, with potential effects being loss of income, breach of health and safety.</p>	<p>The charity has a business interruption plan which covers all issues relating to loss of office space, loss or damage to essential operational equipment and data. The charity is provided with IT support by The Jockey Club IT department. All staff are provided with laptops and VPN access to enable remote working and from 2020 remote working processes have been introduced to enable virtual meetings and e-sign authorisations.</p>
<p>Covid-19:</p> <p>The financial impact of COVID-19 may increase arrears and bad debts, as well as causing practical difficulties in carrying out essential maintenance.</p>	<p>The housing team regularly review arrears and intervene as soon as it becomes apparent that a tenant has fallen behind with payments. The housing team work closely with Racing Welfare's welfare officers who can offer financial assistance and budgeting advice to tenants. Maintenance is undertaken primarily by Jockey Club Estates which has undertaken full Covid risk assessments and adopt covid-safe working procedures.</p>

TRUSTEES' REPORT

Governance and Structure

Our Governance, Structure and Management Group Structure



Racing Welfare is the sole member of Racing Homes. Racing Welfare is a company limited by guarantee (company registration number 04116279) and a registered charity (charity registration number 1084042). Racing Homes is the sole trustee of The Rous Charity (charity registration number 1068581).

The entire group benefits from the senior management team who sit within Racing Welfare. The other group charities benefit from the advice and guidance of all of Racing Welfare's sub committees. For details on the terms of reference for each committee please refer to Racing Welfare's consolidated financial statements.

Governance

Racing Homes (formerly Stable Lads Welfare Trust Housing Association) is constituted as a company limited by guarantee, with governance arrangements set out in the charity's Memorandum and Articles of Association.

The Trustees have fully adopted the Charity Governance Code. One of the outcomes of the adoption of the code was the creation of the Governance Committee in 2019, and 2020 saw a number of improvements implemented as a result of the work generated by the new committee. The initial review of the charity's performance against the Charity Governance Code provided a score given for each of the seven principles and identified the priorities in 2020 of improving diversity and inclusion as well as reviewing board effectiveness.

TRUSTEES' REPORT

Objectives and Activities continued



Governance (continued)

An overhaul of the trustee recruitment process and improvements to the trustee/committee members induction was carried out. A trustee skills audit was undertaken and the commencement of a recruitment campaign to attract six new committee members across both Racing Welfare and Racing Homes was actioned. The new process was a success in attracting not only more candidates than ever before, but it also attracted a more diverse range of candidates. A new Racing Homes tenant panel will be created in 2021 to ensure that our beneficiaries have the opportunity to speak directly with trustees annually.

A thorough review of board effectiveness was undertaken with a facilitated session with the chairs of each committee. The session highlighted the strengths and weaknesses, challenges and opportunities the board meetings faced and introduced a number of impactful changes including investment in a new virtual boardroom software, a reconfiguration of agendas and improvements to the quality and quantity of board papers. One of the biggest improvements was the creation of Trustee strategy days. These days sit outside the board meetings and are interactive sessions in which only the strategy of the charity is discussed. The main strategy day is followed by 2-3 further sessions where trustees and the executive can focus on the identified key issues the charities should be focused on over the next 1-5 years.

TRUSTEES' REPORT

Governance and Structure continued

Trustees

The maximum number of trustees permitted is 15, and a minimum of 3. Trustees automatically retire after 3 years but may be re-elected with maximum term of 9 years. All trustees are also directors. With the exception of one trustee, the remaining trustees are also trustees of Racing Welfare. During the year Gary Middlebrook retired having served the full term of 9 years. Gary brought significant construction expertise as well as being a significant fundraiser for Racing Welfare. The trustees and executive are hugely grateful for the time, experience, energy and passion Gary brought to the organisation and he will be greatly missed.

The board is charged to use its best endeavours to ensure the composition of the board at any time represents an appropriate balance of skills including knowledge and experience of housing matters as well as activities within the horseracing industry. The newly implemented trustee recruitment process requires any trustee to join firstly as a committee member and serve at least 12 months prior to being considered by the board for trusteeship. New committee members are recruited according to any gaps identified by the trustee skills audit and a recruitment process is followed involving extensive advertising via internal and external channels. Each position's recruitment strategy is developed according to the specialism required and is signed off by the Chief Operating Officer who sits on the Governance Committee. The process has been designed to improve diversity on the board. All new committee members and trustees are provided with an induction programme so that they can fulfil their role on the Board. Trustees are DBS checked and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.



TRUSTEES' REPORT

Governance and Structure continued

Employment Practices and Pay

Racing Homes, as part of the Racing Welfare group of charities, is developing our diversity, inclusion and equality agenda. A diversity and inclusion (D&I) champion has been appointed and is actively working with the senior management team to help ensure that nurturing a diverse and inclusive working environment, where we attract the full range of talent and everyone can be themselves, is embedded within all processes and policies within the charities. The D & I champion is also a member of the Jockey Club's equality, diversity and inclusion group.

All salaries for Racing Homes employees are benchmarked against salary rates across other similar organisations. The Head of Housing is part of the Housing Association benchmarking group Acuity and has created a staffing structure and remuneration rates that are competitive and fair.

All salary rates are proposed to the Finance, Investment and Audit Committee in Racing Welfare which approves any changes as part of the annual budget process. Subject to affordability, the charity's policy has been to award an annual pay rise consistent with increases in cost of living indices and having regard to the level of pay award agreed by the Jockey Club. There are no senior staff on the Racing Homes payroll.

The Racing Welfare group is passionate about promoting positive mental health and wellbeing across the racing industry but also within its own walls. The group provides flexible working options to help promote a good work/life balance and to support those with families. The senior management team has an ongoing agenda of reviewing the wellbeing of the workforce, introducing new initiatives, consulting with employees and undertaking specific training to improve leadership, all with the aim of maximising employee potential and satisfaction. In 2020 the organisation took part in a staff satisfaction survey. The results reported that: 100% of Racing Homes staff felt valued for the contribution they made to the organisation; 100% believed that Racing Homes works in the best interest of racing; 100% felt the information on charity matters is open, transparent and freely shared when appropriate and 100% felt encouraged, supported to learn, and developed to be able to do their best work.

An extensive learning and training programme is afforded to every employee with a mixture of online learning opportunities as well as traditional courses and qualifications. Each year the Racing Welfare group hosts two, two-day staff forums where all staff meet for a programme of training and strategy setting.



TRUSTEES' REPORT

Governance and Structure continued

Employment Practices and Pay (continued)

Employee Health and Safety has been enhanced with the adoption of The Jockey Club's health and safety online training programme, Human Focus. This will improve the quality of training as well as provide efficient monitoring.

Fundraising

The charity does not undertake fundraising. All fundraising is carried out by Racing Welfare and any funds collected for projects which are to be delivered by Racing Homes are transferred via a restricted grant. Full details on the fundraising policies and practices of Racing Welfare are contained in the group consolidated financial statements.

Environmental

The charity is conscious of monitoring the environmental impact that it makes. We have a green champion that sits on the Jockey Club's Green Champion Board and the Trustees have prioritised ESG (environmental, social and governance) for 2021. Racing Homes is making the first steps in creating a decarbonisation strategy for Racing Homes by working with Jockey Club Estates in an externally provided review of the business. The Trustees are committed to becoming carbon neutral by 2050.



STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of the incoming resources and application of resources of the Charity for that year. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 1993, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as disclosure to our auditors

In accordance with company law, the trustees, as the company's directors, certify that

- so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware.
- each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

RSM UK Audit LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The trustees' report was approved on 1st June 2021 and signed on its behalf:



Simon Hope (Chair)

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Racing Homes (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Report.

INDEPENDENT AUDITOR'S REPORT

Other information (continued)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report 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 Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 25, 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.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of trustees (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- 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.

INDEPENDENT AUDITOR'S REPORT

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 Trustees' Report, and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

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

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

Use of our report

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



CLAIRE SUTHERLAND (Senior Statutory Auditor)

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

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk

IP32 7FA

Date: 30 June 2021

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2020

	Note	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000 (note 21)
INCOME FROM:					
Donations and legacies		5.0	847.9	852.9	309.2
Charitable activities - Housing income		779.6	-	779.6	585.1
Investments		0.1	-	0.1	0.5
TOTAL INCOME	2	784.7	847.9	1,632.6	894.8
EXPENDITURE ON:					
Charitable activities	3	701.9	209.3	911.2	776.7
TOTAL EXPENDITURE		701.9	209.3	911.2	776.7
NET INCOME FOR THE YEAR		82.8	638.6	721.4	118.1
Transfers between funds		183.7	(183.7)	-	-
NET MOVEMENTS IN FUNDS		266.5	454.9	721.4	118.1
Reconciliation of funds:					
Balances brought forward 1 January		3,952.6	7,489.4	11,442.0	11,323.9
Balances carried forward 31 December		4,219.1	7,944.3	12,163.4	11,442.0

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

Company number 06489067

	Note	2020 £'000	2019 £'000
INTANGIBLE FIXED ASSETS	7	165.5	167.1
TANGIBLE FIXED ASSETS			
Housing properties	8	13,249.8	13,372.6
Other fixed assets	9	47.1	20.1
		<u>13,462.4</u>	<u>13,559.8</u>
CURRENT ASSETS			
Debtors	10	43.3	31.8
Cash at bank and in hand		<u>642.4</u>	<u>239.8</u>
		685.7	271.6
CREDITORS: amounts falling due within one year	11	(252.0)	(616.0)
NET CURRENT ASSETS / (LIABILITIES)		<u>433.7</u>	<u>(344.4)</u>
CREDITORS: amounts falling due after more than one year			
Housing loans	12	(1,732.7)	(1,773.4)
NET ASSETS		<u>12,163.4</u>	<u>11,442.0</u>
THE FUNDS OF THE CHARITY			
Unrestricted reserves			
Revenue reserve		(25.7)	(308.9)
Designated reserve:			
Fixed asset fund		4,244.8	4,261.5
Total unrestricted reserves	13	<u>4,219.1</u>	<u>3,952.6</u>
Restricted reserves			
Housing for racing industry staff		7,944.3	7,489.4
Total restricted reserves	13	<u>7,944.3</u>	<u>7,489.4</u>
TOTAL FUNDS		<u>12,163.4</u>	<u>11,442.0</u>

The financial statements have been prepared in accordance with the provisions applicable to the companies subject to the small companies' regime.

The financial statements on pages 30 to 45 of Racing Homes were approved by the Board of Directors and authorised for issue on 1st June 2021 and signed on its behalf by:



Simon Hope (Chair)

STATEMENT OF FINANCIAL CASHFLOWS

for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash provided by operating activities	a)	662.5	888.9
Cash flows from investing activities:			
Purchase of tangible fixed assets	8,9	(219.2)	(1,420.0)
Net cash used in investing activities		<u>(219.2)</u>	<u>(1,420.0)</u>
Net cash used in financing activities			
Repayment of loans		(40.7)	(30.0)
Net increase/(decrease) in cash and cash equivalents		<u>402.6</u>	<u>(561.1)</u>
Cash and cash equivalents at 1 January		239.8	800.9
Cash and cash equivalents at 31 December		<u>642.4</u>	<u>239.8</u>

a) Reconciliation of net income for the year to net cash provided by operating activities

	2020 £'000	2019 £'000
Net income/(expenditure) for the year	721.4	118.1
Depreciation and amortisation	259.6	193.0
Decrease in debtors	(11.5)	404.3
Increase in creditors	(307.0)	173.5
Net cash inflow provided by operating activities	<u>662.5</u>	<u>888.9</u>

b) Analysis of net debt

	At 1 January 2020 £'000	Cash flows £'000	Non- Cash flows £'000	At 31 December 2020 £'000
Bank	239.8	402.6	-	642.4
Loans	(1,814.0)	40.7	-	(1,773.3)
	<u>(1,574.2)</u>	<u>443.3</u>	<u>-</u>	<u>(1,130.9)</u>
Borrowings				
Debt due within 1 year	(40.6)	40.7	(40.7)	(40.6)
Debt due after 1 year	(1,773.4)	-	40.7	(1,732.7)
	<u>(1,814.0)</u>	<u>40.7</u>	<u>-</u>	<u>(1,773.3)</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of certain fixed assets and investments which are included at market value or deemed cost. The financial statements have been prepared in accordance with the 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.

Racing Homes meets the definition of a public benefit entity under FRS 102.

Basis of consolidation

The charitable company is exempt by virtue of section 398 of the Companies Act 2006 from the requirement to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

Going concern

Following the World Health Organisation declaring the Covid-19 pandemic in March 2020, the trustees have identified increased rent arrears and bad debts as the primary risk areas. The majority, 70%, of rental income is received from retired beneficiaries in receipt of state pension and other benefits. 26% of the rent roll is received directly to the charity from government provided benefit payments. Tenants facing hardship are able to access support through Racing Welfare and the specifically designated Covid-19 hardship fund. The charity's healthy cash balance at the year end together with 2021-2023 budgets scrutinised by the Finance, Investment and Audit Committee and subsequent cash flow forecasting has not identified any issues that would give rise to a going concern risk.

The directors have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of approval of the financial statements, and the charity is well placed to manage its business risks successfully despite the current economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Income

Income from charitable activities represents rents and service charges receivable. All rental and service charge income is from social housing lettings. Grants and donations are recognised as income upon approval of application or receipt, whichever is sooner and only to the extent that any performance criteria has been met. Interest receivable is included in the accounts when due.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONT.)

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Tangible fixed assets and depreciation

Housing properties are stated at deemed cost less accumulated depreciation; the company having taken advantage of the exemption in paragraph 35.10 (d) of FRS 102 to use the valuation at the date of transition as deemed cost. Other fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged on a straight line basis over the expected useful economic lives of the assets as follows:

Housing properties (including leasehold)	2% per annum or over the lease term
Housing property improvements	10%-25% per annum
Housing property fixtures and fittings	25% per annum

Freehold land is not depreciated.

The residual value (land) is calculated as a proportion of the deemed cost of the properties at the balance sheet date, calculated using the guidance issued by the National Housing Federation.

The Charity capitalises expenditure on housing which results in an increase in net rental income, which adds to the value of the property or which extends its useful economic life.

Intangible fixed assets - nomination rights

Nomination rights cover the right to nominate 6 residents to Childwick House, Newmarket and 17 residents to Fielden Court, Kingsclere. They are depreciated in equal amounts over a period of 125 years. They are stated at net book value.

Interest payable

Interest payable is charged to the SOFA in the year which it accrues.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expense for which it was incurred.

Fund accounting

Unrestricted funds are those which are available for use at the discretion of the Trustees in furtherance of the general objects of the charity and which have not been designated for other purposes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. ACCOUNTING POLICIES (CONT)

Fund accounting (continued)

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for income and expenditure during the period. However, the nature of the estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

Tangible fixed assets:

Tangible fixed assets are depreciated over their useful lives, taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal value.

2. INCOME

	2020 £'000	2019 £'000
Donations and legacies		
Grants received - restricted	847.9	234.2
Donations - unrestricted	5.0	75.0
	<u>852.9</u>	<u>309.2</u>
Charitable activities		
Rent receivable net of identifiable service charges	724.4	516.8
Service charges receivable	55.2	68.3
	<u>779.6</u>	<u>585.1</u>
Investment income		
Interest receivable	0.1	0.5
Total income	<u>1,632.6</u>	<u>894.8</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

3. TOTAL EXPENDITURE

	Activities undertaken 2020 £'000	Support costs 2020 £'000	Total 2020 £'000	Total 2019 £'000
Charitable activities				
Provision of social housing (note 4)	858.4	52.8	911.2	776.7
	<u>858.4</u>	<u>52.8</u>	<u>911.2</u>	<u>776.7</u>
Support costs				
Overheads and administration costs			46.0	45.0
Governance			<u>6.8</u>	<u>8.1</u>
			<u>52.8</u>	<u>53.1</u>

Audit fees included in support costs amount to £6.9k (2019: £4.3k)

4. ANALYSIS OF SOCIAL HOUSING COSTS

	Total 2020 £'000	Total 2019 £'000
Operating costs		
Management costs	328.2	285.2
Service charges	117.6	100.4
Maintenance of properties	119.9	105.4
Governance costs	6.8	8.1
Bad debts	5.5	8.8
Loan interest	74.5	75.8
Depreciation of housing properties	245.4	186.2
Depreciation of fixtures and fittings	12.6	5.2
Amortisation of nomination rights	1.6	1.6
Expenditure on social housing	<u>911.2</u>	<u>776.7</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

5. STAFF COSTS

	Total 2020 £'000	Total 2019 £'000
Wages	107.6	49.5
Employer's national insurance contributions	9.3	3.7
Pension costs	7.4	3.6
Total	124.3	56.8

The average number of staff in the year was 5 (2019: 3)

No employees earned over £60,000 in the year

Key staff, which are deemed to be The Chief Executive Officer and Chief Operating Officer of Racing Welfare along with Racing Homes's former Head of Housing (to December 2020), are employed by Racing Welfare or The Jockey Club Estates, therefore the Charity incurred total remuneration costs of £nil in this respect during the year (2019: £nil).

6. DIRECTORS' REMUNERATION

No remuneration was paid to the Directors during the year, nor in the previous year. No travelling and subsistence expenses were paid in 2020 (2019: £nil).

7. INTANGIBLE FIXED ASSETS

	Nomination Rights £
Cost	
At 1 January 2020 and 31 December 2020	<u>197.7</u>
Amortisation	
At 1 January 2020	30.6
Charge for year	1.6
At 31 December 2020	<u>32.2</u>
Net book value	
At 31 December 2020	<u>165.5</u>
At 31 December 2019	<u>167.1</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

8. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Freehold improvements £'000	Totals £'000
Deemed cost				
At 1 January 2020	12,649.6	895.0	692.9	14,237.5
Additions	14.6	-	108.0	122.6
At 31 December 2020	<u>12,664.2</u>	<u>895.0</u>	<u>800.9</u>	<u>14,360.1</u>
Depreciation				
At 1 January 2020	775.3	54.4	35.2	864.9
Charge for the year	191.0	11.5	42.9	245.4
At 31 December 2020	<u>966.3</u>	<u>65.9</u>	<u>78.1</u>	<u>1,110.3</u>
Net book value				
At 31 December 2020	<u>11,697.9</u>	<u>829.1</u>	<u>722.8</u>	<u>13,249.8</u>
At 31 December 2019	<u>11,874.3</u>	<u>840.6</u>	<u>657.7</u>	<u>13,372.6</u>
Historic cost			2020 £'000	2019 £'000
Gross cost			12,516.5	12,393.9
Accumulated depreciation on historical cost			(2,392.4)	(2,175.9)
			<u>10,124.1</u>	<u>10,218.0</u>
Housing properties, at deemed cost, comprise:				
Freeholds			13,465.1	13,342.5
Long leaseholds			895.0	895.0
			<u>14,360.1</u>	<u>14,237.5</u>

Housing properties include freehold land of £3,111.3k (2019: £3,111.3k) that is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

9. TANGIBLE FIXED ASSETS - OTHER

	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2020	92.7	6.0	98.7
Additions	39.6	-	39.6
Disposals	-	(6.0)	(6.0)
At 31 December 2020	<u>132.3</u>	<u>-</u>	<u>132.3</u>
Depreciation			
At 1 January 2020	72.6	6.0	78.6
Charge for the year	12.6	-	12.6
Elimination on disposal	-	(6.0)	(6.0)
At 31 December 2020	<u>85.2</u>	<u>-</u>	<u>85.2</u>
Net book value			
At 31 December 2020	<u>47.1</u>	<u>-</u>	<u>47.1</u>
At 31 December 2019	<u>20.1</u>	<u>-</u>	<u>20.1</u>

10. DEBTORS

	2020 £'000	2019 £'000
Rental debtors	30.2	27.0
Prepayments and accrued income	3.1	3.2
Due from the Rous Charity	2.0	-
Other debtors	8.0	1.6
	<u>43.3</u>	<u>31.8</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Due to the Rous Charity	-	88.4
Due to parent undertaking – Racing Welfare	39.4	258.5
Other taxation and social security payable	2.3	1.2
Trade creditors	46.9	97.7
Accruals and deferred income	122.0	129.1
Other creditors	0.8	0.5
Housing loans	40.6	40.6
	<u>252.0</u>	<u>616.0</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

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

	2020 £'000	2019 £'000
Housing loans	<u>1,732.7</u>	<u>1,773.4</u>
	<u>1,732.7</u>	<u>1,773.4</u>
Analysis of Housing loans repayable by instalments:		
Within one year	40.6	40.6
Between one and two years	40.7	40.6
Between two and five years	123.0	122.6
After five years	<u>1,569.0</u>	<u>1,610.1</u>
	<u>1,773.3</u>	<u>1,813.9</u>

There are two housing loans:

- A loan with a total outstanding amount of £93.9k is secured on properties at Jack Jarvis Close, bears interest at a fixed rate of 15% per annum and is repayable over a period of 60 years from 1980.
- A loan was taken out in 2019, secured against Summerhill House. The loan bears interest of 3.55% and is repayable over a period of 10 years from 2018 at £40k p.a with a break clause after 5 years. The balance will be paid on the maturity date.

13. RESERVES

	At 1 January 2020 £'000	Income in the year £'000	Expenditure in the year £'000	Transfers £'000	At 31 December 2020 £'000
Unrestricted funds					
Revenue Reserve	(308.9)	784.7	(500.4)	(1.1)	(25.7)
Designated - Fixed Asset Fund	4,261.5	-	(201.5)	184.8	4,244.8
Total unrestricted funds	<u>3,952.6</u>	<u>784.7</u>	<u>(701.9)</u>	<u>183.7</u>	<u>4,219.1</u>
Restricted funds					
Housing for Racing Industry Staff	7,465.4	296.8	(134.2)	(183.7)	7,444.3
Middleham Development	-	500.0	-	-	500.0
Racing Homes Strategy Report	-	51.1	(51.1)	-	-
Housing Support Officer	24.0	-	(24.0)	-	-
Total restricted funds	<u>7,489.4</u>	<u>847.9</u>	<u>(209.3)</u>	<u>(183.7)</u>	<u>7,944.3</u>
Total funds	<u>11,442.0</u>	<u>1,632.6</u>	<u>(911.2)</u>	<u>-</u>	<u>12,163.4</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

13. RESERVES (CONT.)

General reserves represented by the revenue reserve are £25.7k in deficit as at 31 December 2020 (2019 – £308.9 deficit). The strategy for funding refurbishment works at MacDonald Buchanan House in 2019 was for Racing Welfare to raise the money through a fundraising campaign. This campaign was carried out and very generously a number of trusts supported the project but at 31 December 2019 there was a shortfall of £224k. In addition, Summerhill House was funded partly by reserves and partly by the loan, and with an unexpected loss reported in 2018 the general reserve became depleted beyond the level expected by the trustees when the funding strategy for Summerhill House was set. In 2020 the board applied for a grant from Racing Welfare to subsidise the shortfall between current rents charged in 2019 and those that would have been charged if an immediate blanket policy of Local Housing Allowance rates had been applied. The grant of £253k was formally agreed at the Racing Welfare board meeting in March 2020 and allocated towards the shortfall in funding for MacDonald Buchanan House. The Revenue Reserve is expected to return to a surplus position during 2021.

An amount of £69.8k was transferred from the revenue reserve to the designated Fixed Asset Fund, being additions to designated assets that were funded from the revenue reserve. Also funded by the revenue reserve were loan repayments of loans secured against designated assets totalling £115.0k, for which a transfer from general funds to designated funds has been made.

An amount of £111.5k was transferred from the revenue reserve to the restricted Housing for Racing Industry Staff fund, being additions to restricted assets that were funded by the revenue reserve. Upon receipt of the £295.2k in grants from Racing Welfare towards the refurbishment of MacDonald Buchanan House, this amount was transferred to the revenue reserve which funded the costs in lieu of grants being received.

	At 1 January 2019 £'000	Income in the year £'000	Expenditure in the year £'000	Transfers £'000	At 31 December 2019 £'000
Unrestricted funds					
Revenue reserve	142.6	660.6	(507.9)	(604.2)	(308.9)
Designated - Fixed Asset Fund	4,122.4	-	(154.0)	293.1	4,261.5
Total unrestricted funds	4,265.0	660.6	(661.9)	(311.1)	3,952.6
Restricted funds					
Housing for Racing Industry Staff	7,058.9	210.2	(114.8)	311.1	7,465.4
Housing Support Officer	-	24.0	-	-	24.0
Total restricted funds	7,058.9	234.2	(114.8)	311.1	7,489.4
Total funds	11,323.9	894.8	(776.7)	-	11,442.0

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

13. RESERVES (CONT.)

An amount of £186.8k was transferred from the revenue reserve to the designated fixed asset fund, being additions to designated assets that were funded from the revenue reserve. Also funded by the revenue reserve were loan repayments of loans secured against designated assets totalling £106.3k, for which a transfer from designated funds to designated funds has been made.

An amount of £311.1k was transferred from the revenue reserve to the restricted Housing for racing industry staff fund, being additions to restricted assets that were funded by the revenue reserve.

The designated Fixed Asset Fund sets aside funds equivalent to the net book value of both tangible and intangible fixed assets (less; the value of fixed assets associated with the restricted reserve and any liability secured against the asset) and is intended to highlight reserves allocated for such use.

The restricted fund, Housing for Racing Industry, arises as a result of the transfer of housing assets from Racing Welfare. These assets were transferred to Racing Homes with a restriction that they are used to house individuals working in or retired from the horseracing and thoroughbred breeding industry. The value of the reserve equates to the net book value of the assets transferred from Racing Welfare less any liability secured against the asset.

The restricted Middleham Development fund arises from a grant received from Racing Welfare to be used towards the costs of a new development in Middleham, a key racing centre.

The restricted Racing Homes Strategy Report fund arises from a grant received from the Racing Foundation to be used towards the costs of reviewing Racing Homes's strategic options to expand its property portfolio in key racing centres.

The restricted Housing Support Officer fund arises from a grant received to be used towards the costs of employing a Housing Support Officer.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £'000	Designated Funds £'000	General Funds £'000	Total £'000
As at 31 December 2020				
Fixed assets	7,444.3	6,018.1	-	13,462.4
Current Assets	500.0	-	185.7	685.7
Current liabilities	-	(40.6)	(211.4)	(252.0)
Long-term liabilities	-	(1,732.7)	-	(1,732.7)
	<u>7,944.3</u>	<u>4,244.8</u>	<u>(25.7)</u>	<u>12,163.4</u>
As at 31 December 2019				
Fixed assets	7,484.4	6,075.4	-	13,559.8
Current Assets	24.0	-	247.6	271.6
Current liabilities	(19.0)	(40.5)	(556.5)	(616.0)
Long-term liabilities	-	(1,773.4)	-	(1,773.4)
	<u>7,489.4</u>	<u>4,261.5</u>	<u>(308.9)</u>	<u>11,442.0</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

16. CONNECTED CHARITIES

The Charity has some directors and administration in common with the following charities:

- Racing Welfare
- The Bentinck, Beresford and Rendlesham Charity
- The Rous Charity

These charities have the same principal office as Racing Homes.

Racing Welfare is the sole member of the Charity. Its charitable objects include the relief of poverty and distress amongst people working in, or retired from, the thoroughbred racing and breeding industry and their dependants. This is congruent with the objects of Racing Homes.

The Rous Charity is an almshouse charity, of which Racing Homes is the sole Trustee.

Balances due to/(from) Racing Homes were as follows:

	2020 £'000	2019 £'000
Amounts due to Racing Welfare	(39.4)	(258.5)
Amounts due from/(to) the Rous Charity	2.0	(88.4)

During the year £46k (2019: £45k) in respect of management and administration overheads were allocated to the Charity by Racing Welfare. The Racing Welfare group manages its cash across entities as needed, therefore inter-charity balances are perpetually in existence. During 2019 £250k was transferred to Racing Homes from Racing Welfare to ease cash flow during the renovation of MacDonald Buchanan House and was largely responsible for the £258.5k balance at 31 December 2019. This was subsequently paid down in 2020 following the approval of the £253.0k LHA Subsidy.

During the year total grants of £847.9k were received from Racing Welfare (2019: £234.2k).

The charity collects rents on behalf of the Rous Charity and pays for shared costs between the two charities. During the year the charity collected rents amounting to £58,769 (2019: £57,243) on behalf of the Rous Charity and received shared costs attributable to the Rous Charity of £22,868 (2019: £22,847), including staff costs of £13,957 (2019: £11,956). During the year the charity paid £122,561 to the Rous Charity in settlement of the inter-charity loan account.

17. PARENT AND ULTIMATE CONTROLLING PARTY

The charity's parent undertaking is Racing Welfare, Charity number 1084042, Company registration number 04116279, whose address is the same as Racing Homes and whose charitable objectives are the relief of poverty, sickness, injury and the advancement of education to those employed or formally employed in the racing industry.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

17. PARENT AND ULTIMATE CONTROLLING PARTY (CONT.)

The Ultimate Controlling Party is The Jockey Club, Company Registration Number RC000287, governed by Royal Charter, whose address is 75 High Holborn, London, WC1V 6LS by virtue of being the sole member of Racing Welfare.

During the year The Jockey Club provided professional services to the charity, valued at £5k (£2019: £75k), free of charge. This has been recognised as a donation in kind and a management cost in the statement of financial activities.

18. CAPITAL COMMITMENTS

	2020 £'000	2019 £'000
At 31 December, the Charity had the following capital commitments:		
Contracts for future capital expenditure not provided in the financial statements		
Improvements to freehold property	-	101.0
	<hr/>	<hr/>

19. CONTINGENT LIABILITIES

Social Housing Grant (SHG) is subordinated to the repayment of loans by agreement with the Homes and Communities Agency (HCA). SHG released on sale of a property may be repayable, but is normally available to be recycled and is credited to a recycled capital grant fund and included in the balance sheet within creditors.

SHG is repayable under certain circumstances such as where a property is sold. The SHG at the date of transition to FRS 102 of £397.5k and previously shown as a reduction of the housing property value has, in accordance with the performance model, been written off to reserves.

20. POST BALANCE SHEET EVENTS

Following the year end an application was submitted to the Charity Commission seeking approval to merge The Rous Charity with Racing Homes. The Trustee of the Rous Charity passed a resolution on 7 December 2020 approving the process.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

21. STATEMENT OF FINANCIAL ACTIVITIES DETAIL FOR YEAR ENDED 31ST DECEMBER 2018

	Note	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000
INCOME FROM:				
Donations and legacies		75.0	234.2	309.2
Charitable activities	4	585.1	-	585.1
Investments		0.5	-	0.5
TOTAL INCOME		<u>660.6</u>	<u>234.2</u>	<u>894.8</u>
EXPENDITURE ON:				
Charitable activities	4	661.9	114.8	776.7
TOTAL EXPENDITURE		<u>661.9</u>	<u>114.8</u>	<u>776.7</u>
NET INCOME/(EXPENDITURE) FOR THE YEAR		(1.3)	119.4	118.1
Transfers between funds (restated)		(311.1)	311.1	-
NET MOVEMENT IN FUNDS		<u>(312.4)</u>	<u>430.5</u>	<u>118.1</u>
Balances brought forward 1 January (restated)		4,265.0	7,058.9	11,323.9
Balances carried forward 31 December		<u>3,952.6</u>	<u>7,489.4</u>	<u>11,442.0</u>