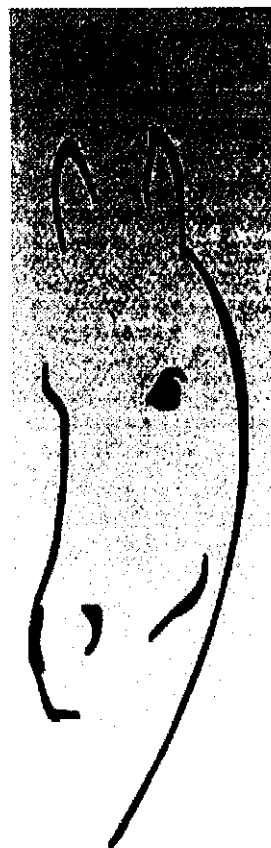


The Home of Rest for Horses
(A company limited by guarantee and
not having a share capital)

Committee's Report and Financial Statements

Year ended

31 December 2005



THE HOME of
REST for HORSES



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THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Annual report and financial statements for the year ended 31 December 2005

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MISSION STATEMENT

'Good health is good welfare – the Charity promotes health and welfare of horses through support for needy cases, education and research to reduce disease and suffering'.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Committee of Management and advisors

Founded 1886 * Incorporated 1938 * Registered Charity 231748

Company Limited by Guarantee * Eng Reg No. 347417

The Society is a member of the National Equine Welfare Council (NEWC).

Registered office: Westcroft Stables,
Slad Lane, Lacey Green,
Princes Risborough,
Buckinghamshire,
HP27 0PP.

Patron: Her Royal Highness The Princess Royal

President: The Lady Somerleyton OBE

Vice Patron: Fiona, Countess of Arran

Vice Presidents: The RT Hon. Lord Wetherill DL
Baroness Mallalieu QC

Management Committee:

| | |
|---------------------------------------|------------------------------|
| Major General Sir Simon Cooper GCVO ○ | (Chairman) |
| Mrs L Al-Nakeeb ♦ | |
| Professor ARS Barr MRCVS * | |
| Mr H Bevan | (retired 12 May 2005) |
| Mr G Henderson | (appointed 12 December 2005) |
| Mr A Kendall ●♦ | |
| Mr J Ker ●○ | (Hon Treasurer) |
| Professor S Love MRCVS * | (retired 15 April 2005) |
| Professor SA May FRCVS *♦○ | |
| Mrs JF de Moller ● | (retired 15 April 2005) |
| Dr JA Mumford Hon Ass RCVS * | |
| Mrs L Poett | (appointed 12 December 2005) |
| Professor JD Slater MRCVS *● | (appointed 14 April 2005) |
| Mr CW Smyth-Osbourne ○ | (appointed 14 April 2005) |
| Mr CRR Sweeting MRICS ♦ | (appointed 14 April 2005) |
| Mr ML Tait CMG LVO ○ | (retired 15 April 2005) |
| Mr NJ Wingfield-Digby MRCVS * | (retired 15 April 2005) |

- * members of the Scientific Sub-Committee
- members of the Remuneration Sub-Committee
- ♦ members of the Marketing Sub-Committee
- members of the Investment Management Sub-Committee

Chief Executive and Secretary:

Brigadier P G H Jepson MRCVS

Bankers: Coutts and Co, St Martins Branch, 440 The Strand, London, WC2R 0QS.

Auditors: Baker Tilly, 87 Guildhall Street, Bury St Edmunds, Suffolk, IP33 1PU

Solicitors: Underwood & Co, 40 Welbeck Street, London, W1M 8LM.

Investment managers: Close Private Asset Management Limited, 12 Appold Street, London, EC2A 2AW.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Report of the Committee of Management for the year ended 31 December 2005

The Committee of Management present their annual report together with the audited financial statements for the year ended 31 December 2005.

Objects of the charity

The objects of The Home are to promote the health and welfare of horses through support for needy cases, education and research to reduce disease and suffering.

Status and Administration

The Home was founded in 1886 and incorporated on 16 December 1938. It is registered as a charitable company and governed by its Memorandum and Articles of Association.

A Committee of Management, the members of which are set out on page 5 of this report, is responsible for the activities of The Home. Committee members normally serve for a maximum of 6 years and are selected to provide a broad spectrum of relevant expertise and experience. Induction and training are provided for the Committee of Management. The Committee of Management meets quarterly but there are sub-groups such as the Remuneration Sub-Committee which meets once per year to discuss pay and conditions and the Scientific Sub-Committee which meets more frequently to assess grant applications. These sub-groups report to the Full Committee of Management. A Chief Executive is appointed by the Committee of Management to execute policy and to manage the administrative and day-to-day operations of The Home.

Review of Activities

"Good health is good welfare" continues to be at the centre of The Home's activities. This is achieved by the provision of equine welfare grants to further research and provide education and facilities to reduce disease and suffering together with the ongoing care for needy and retired horses at The Home.

The Home currently has approved future grants amounting to £1,795,807 (2004 - £1,070,995) which are represented by a separate designated fund. In all, a total of 40 projects leading to improvements to the welfare of horses, ponies and donkeys were supported during the year by grants from The Home. Grants paid in 2005 and 2004 are detailed on page 3.

Despite the controlled reduction in charitable grants following a collapse in recent years of investment values, there was an excess of expenditure against income amounting to £69k. This was mainly due to a reduction in the legacy income received at the year end point. The volume of legacies remains healthy and there is a further significant legacy income pending finalisation of the benefactor's estates. This shortfall of income is offset by a significant increase in investment values providing an overall increase in the accumulated funds of £1.7m which supports an earlier decision to rebuild the capital base which underpins the sustainable ability of The Home of Rest for Horses to support welfare grants.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Report of the Committee of Management for the year ended 31 December 2005 (*Continued*)

Projects supported

| | 2005 | 2004 | 2005 | 2004 |
|---|-----------|-----------|----------------|----------------|
| | No | No | £ | £ |
| Liverpool University | 10 | 9 | 159,016 | 140,517 |
| Royal Veterinary College | 6 | 4 | 121,270 | 115,860 |
| Animal Health Trust | 7 | 7 | 98,080 | 129,343 |
| Glasgow University | 6 | 4 | 85,431 | 40,823 |
| Edinburgh University | 3 | 3 | 33,761 | 59,395 |
| National Equine Welfare Council | 2 | 2 | 24,280 | 7,900 |
| Newcastle University | 1 | 1 | 10,282 | 30,845 |
| ADAS | 1 | 1 | 6,529 | 876 |
| Vauxhall City Farm | 1 | - | 5,919 | - |
| London Harness Horse Parade | 1 | 1 | 2,500 | 2,500 |
| Greatwood | 1 | - | 2,115 | - |
| National Equine Forum | 1 | - | 750 | - |
| Worshipful Company of Farriers | - | 1 | - | 20,000 |
| Bristol University | - | 1 | - | 14,618 |
| BEVA | - | 2 | - | 7,500 |
| HorseWorld (Friends of Bristol Horse Society) | - | 1 | - | 1,490 |
| Coaching Club | - | 1 | - | 1,000 |
| Horse Rangers | - | 1 | - | 656 |
| Cambridge University | - | 1 | - | (265) |
| Sanger Centre | - | 1 | - | (11,866) |
| | <u>40</u> | <u>41</u> | <u>549,933</u> | <u>561,192</u> |

Welfare Grant Making Policy

Grant making policy takes into account the financial situation of the charity and its obligations to maintain The Home. The Home invites applications for funding of projects through advertising in specialist veterinary and scientific media. Each application is reviewed by the Scientific Sub-Committee and three independent external expert reviewers. After the internal and external reviews have been undertaken the Scientific Sub-Committee puts forward recommendations to the full Committee of Management. The charity requires regular progress reports to ensure projects are on course to meet objectives.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Report of the Committee of Management for the year ended 31 December 2005 (*Continued*)

Reserves

The Committee of Management has developed over past years its policy with regard to the accumulated funds of The Home. As explained in note 17 to the accounts, designated funds are held to finance charitable fixed assets, approved future grant commitments and a capital fund. The remaining £1,008,807 represents free reserves for the general charitable and running costs of The Home and the Committee of Management believes this amount to be a prudent retention of available funds.

Risk Management

The Committee of Management have examined the major strategic business and operational risks which The Home faces and are satisfied that systems and procedures are in place to mitigate the exposure to the major risks identified.

Investment Policy

The Committee of Management has the power to invest in such assets as it sees fit. Management of The Home's investment portfolio is delegated to Close Private Asset Management Limited who advise the Investment Management group, a sub-committee of the Committee of Management which reviews investment performance. Ultimately changes in investment policy are the responsibility of the Committee of Management.

A significant proportion of investments are held in listed equity shares. The performance of the portfolio is generally in line with the overall stock market.

Public Relations and Fundraising

Despite its unique history and unparalleled contribution to welfare it was recognised that The Home's public profile and the percentage of its income derived directly from public support did not match that of similar charities. The Home is therefore promoting its profile through an enhanced public relations programme guided by a newly formed Marketing Sub-Committee to optimise the potential for generating additional revenue from the general public.

Land and Buildings

The market value of freehold properties, included in the balance sheet at a book value of £355,463, is considered by the Committee of Management to be in excess of that value.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Report of the Committee of Management for the year ended 31 December 2005 (Continued)

The Committee of Management

The members of the Committee of Management during the year were as follows:

| | |
|---------------------------------------|------------------------------|
| Major General Sir Simon Cooper GCVO ○ | (Chairman) |
| Mrs L Al-Nakeeb ♦ | |
| Professor ARS Barr MRCVS * | |
| Mr H Bevan | (retired 12 May 2005) |
| Mr G Henderson | (appointed 12 December 2005) |
| Mr A Kendall ●♦ | |
| Mr J Ker ●○ | (Hon Treasurer) |
| Professor S Love MRCVS * | (retired 15 April 2005) |
| Professor SA May FRCVS *♦○ | |
| Mrs JF de Moller ● | (retired 15 April 2005) |
| Dr JA Mumford Hon Ass RCVS * | |
| Mrs L Poett | (appointed 12 December 2005) |
| Professor JD Slater MRCVS *● | (appointed 14 April 2005) |
| Mr CW Smyth-Osbourne ○ | (appointed 14 April 2005) |
| Mr CRR Sweeting MRICS ♦ | (appointed 14 April 2005) |
| Mr ML Tait CMG LVO ○ | (retired 15 April 2005) |
| Mr NJ Wingfield-Digby MRCVS * | (retired 15 April 2005) |

- * members of the Scientific Sub-Committee
- members of the Remuneration Sub-Committee
- ♦ members of the Marketing Sub-Committee
- members of the Investment Management Sub-Committee

For the purposes of the Companies Act 1985 members of the Committee of Management are deemed to be directors and are appointed in accordance with the requirements of the Memorandum and Articles.

Register of Members

The register of members is available for inspection by members, free of charge, at the registered office of the company.

Statement of responsibilities of the Committee of Management

Company law requires the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the Committee of Management are required to:

- 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 company will continue its charitable activities.

The Committee of Management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE HOME OF REST FOR HORSES

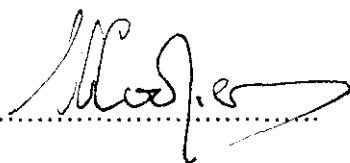
(A company limited by guarantee and not having a share capital)

Report of the Committee of Management for the year ended 31 December 2005 (*Continued*)

Auditors

Baker Tilly have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

The report was approved by order of the Committee of Management on 23 February 2006.

A handwritten signature in black ink, appearing to read 'M. Cooper', is written over a horizontal dotted line.

Major General Sir Simon Cooper GCVO
Chairman

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Independent auditors' report

To the members of The Home of Rest for Horses

(A company limited by guarantee and not having a share capital)

We have audited the financial statements on pages 8 to 19.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of committee of management and auditors

The responsibilities of the Committee of Management (who are also the directors of The Home of Rest of Horses for the purposes of company law) 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) are set out in the Statement of Committee of Managements' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Committee of Managements' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor

Chartered Accountants

87 Guildhall Street

Bury St Edmunds

Suffolk

IP33 1PU

26 February 2006

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Income and expenditure account incorporating statement of financial activities for the year ended 31 December 2005

| | Note | Unrestricted funds £ | Restricted funds £ | 2005 Total £ | 2004 Total £ |
|--|------|----------------------------|--------------------------|--------------------|--------------------|
| INCOMING RESOURCES | | | | | |
| Subscriptions and donations | | 78,443 | 23,091 | 101,534 | 59,551 |
| Legacies and related interest | | 658,578 | - | 658,578 | 1,389,039 |
| Investment income | 2 | 536,167 | - | 536,167 | 507,566 |
| Other incoming resources | 3 | 11,389 | - | 11,389 | 249,666 |
| Total incoming resources | | 1,284,577 | 23,091 | 1,307,668 | 2,205,822 |
| RESOURCES EXPENDED | | | | | |
| Cost of generating funds | 4 | 201,810 | - | 201,810 | 197,220 |
| Charitable expenditure | | | | | |
| Costs of activities in furtherance of the charity's objectives | | | | | |
| Grants | 5 | 533,633 | 16,300 | 549,933 | 561,192 |
| Costs of operating the Home | 6 | 378,091 | - | 378,091 | 351,976 |
| Costs of supporting the Home | 7 | 143,529 | - | 143,529 | 138,410 |
| Education in equine welfare | | 35,757 | - | 35,757 | 19,509 |
| | | 1,091,010 | 16,300 | 1,107,310 | 1,071,087 |
| Managing and administering the Home | 8 | 67,561 | - | 67,561 | 57,131 |
| Total charitable expenditure | | 1,158,571 | 16,300 | 1,174,871 | 1,128,218 |
| Total resources expended | | 1,360,381 | 16,300 | 1,376,681 | 1,325,438 |
| Net (outgoing)/incoming resources | 9 | (75,804) | 6,791 | (69,013) | 880,384 |
| Net realised investment gains | | 646,051 | - | 646,051 | 51,580 |
| Historical cost movement in resources | | 570,247 | 6,791 | 577,038 | 931,964 |
| Net unrealised investment gains | 13 | 1,117,824 | - | 1,117,824 | 460,268 |
| Net movement in funds | | 1,688,071 | 6,791 | 1,694,862 | 1,392,232 |
| Accumulated funds brought forward | | 15,362,011 | - | 15,362,011 | 13,969,779 |
| Accumulated funds carried forward | 17 | 17,050,082 | 6,791 | 17,056,873 | 15,362,011 |

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

The notes on pages 10 to 19 form part of these financial statements.

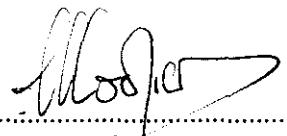
THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Balance sheet at 31 December 2005

| | Note | 2005 | 2004 |
|---|------|--------------------------|--------------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 12 | 481,593 | 506,725 |
| Investments | 13 | 16,586,687 | 14,798,170 |
| | | <u>17,068,280</u> | <u>15,304,895</u> |
| Current assets | | | |
| Stocks | 14 | 2,113 | 2,666 |
| Debtors | 15 | 18,100 | 19,455 |
| Cash at bank and in hand | | 29,202 | 92,539 |
| | | <u>49,415</u> | <u>114,660</u> |
| Creditors: amounts falling due within one year | 16 | <u>60,822</u> | <u>57,544</u> |
| Net current (liabilities)/assets | | <u>(11,407)</u> | <u>57,116</u> |
| Net assets | 18 | <u><u>17,056,873</u></u> | <u><u>15,362,011</u></u> |
| Represented by | | | |
| <i>Unrestricted funds</i> | | | |
| General fund | | 1,008,807 | 1,784,291 |
| Designated funds | | | |
| Charitable fixed assets | | 481,593 | 506,725 |
| Future grants | | 1,795,807 | 1,070,995 |
| Capital fund | | 13,763,875 | 12,000,000 |
| | | <u>17,050,082</u> | <u>15,362,011</u> |
| <i>Restricted funds</i> | | <u>6,791</u> | <u>-</u> |
| Total accumulated funds | 17 | <u><u>17,056,873</u></u> | <u><u>15,362,011</u></u> |

The financial statements on pages 8 to 19 were approved by the Committee of Management on 23 February 2006.


Major General Sir Simon Cooper GCVO
Chairman


J Ker
Honorary Treasurer

The notes on pages 10 to 19 form part of these financial statements.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Notes forming part of the financial statements for the year ended 31 December 2005

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements have been prepared in accordance with applicable accounting standards. They also comply with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) and the Companies Act 1985.

The charitable company has revised, as provided by schedule 4 paragraph 3(3) of the Companies Act 1985, its format of accounts to include headings which are relevant to its activities thus enabling it to show a true and fair view.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:-

| | |
|----------------------------------|---|
| Freehold property | - over 50 years by equal instalments |
| Property improvements | - over 10 years by equal instalments |
| Loose boxes | - over 25 years by equal instalments |
| Plant and equipment | - at 10% of the reducing balance |
| Furniture, fixtures and fittings | - at 10% of the reducing balance, and over 3 years by equal instalments |
| Motor vehicles | - over 5 years by equal instalments |
| Horse ambulance | - at 10% of the reducing balance |

Individual fixed assets costing more than £500 are capitalised at cost.

Investments

Investments are stated at market value as adjusted for any permanent diminution in value.

Stocks

Stocks are 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 less additional costs to completion and disposal.

Pension costs

The company operated one defined contribution pension scheme in the year and a group personal pension plan. Contributions to the pension schemes are charged to the income and expenditure account when made.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

1 Accounting policies (*Continued*)

Legacies

Legacies and related interest thereon are treated as one source of income when received by the company. Legacies are accrued as receivable when their quantification and receipt can be ascertained with reasonable certainty.

Grants

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases when the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are detailed in note 17.

Other income and expenditure

Interest on short term deposits and all expenditure are accounted for on an accruals basis.

All costs other than an element of payroll costs have been directly attributed to one of the functional categories of resources expended in the statement of financial activities. The payroll costs of three employees including the Chief Executive have been apportioned between costs of operating the home and costs of supporting the home based on an estimate of the proportion of time spent on each activity.

Taxation

The Home as a charity is not liable for assessment to tax on its results. Provision is made for tax recoverable on investment income under the transitional relief provisions that have replaced the charity's ability to reclaim tax credits on investment income when due.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on the general fund and designated funds. They are available for use at the discretion of the Committee of Management in furtherance of the Home's general charitable objectives.

Designated funds are those funds designated for particular purposes or projects at the discretion of the Committee of Management. These are explained in more detail in note 17.

Restricted funds are created when income is received which has a restriction placed on its use by the donor.

THE HOME OF REST FOR HORSES**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****2 Investment income**

| | 2005 £ | 2004 £ |
|--------------------------------|----------------|----------------|
| Income from listed investments | 449,636 | 428,223 |
| Bank interest | 86,531 | 79,343 |
| | <u>536,167</u> | <u>507,566</u> |

Transitional relief of £Nil (2004 - £1,285) is included within income from listed investments.

3 Other incoming resources

| | 2005 £ | 2004 £ |
|-----------------------------------|---------------|----------------|
| Rent | 11,349 | 14,853 |
| Gains on disposal of fixed assets | - | 234,448 |
| Other | 40 | 365 |
| | <u>11,389</u> | <u>249,666</u> |

4 Cost of generating funds

| | 2005 £ | 2004 £ |
|-----------------------------|----------------|----------------|
| Fundraising | 117,097 | 133,631 |
| Investment management costs | 71,471 | 63,589 |
| Staff costs | 13,242 | - |
| | <u>201,810</u> | <u>197,220</u> |

5 Grants

| | 2005 £ | 2004 £ |
|----------------------|----------------|----------------|
| Scientific project | 340,671 | 269,835 |
| Clinical scholarship | 192,168 | 249,435 |
| Other | 17,094 | 41,922 |
| | <u>549,933</u> | <u>561,192</u> |

Further details of grants are set out in the Committee of Management Report on page 3.

THE HOME OF REST FOR HORSES**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****6 Costs of operating the Home**

| | 2005 | 2004 |
|---|----------------|-------------|
| | £ | £ |
| Forage and related costs | 24,742 | 30,008 |
| Staff costs | 220,339 | 190,431 |
| Estate costs | 48,945 | 42,389 |
| Heat and light | 7,200 | 7,513 |
| Insurances | 8,240 | 7,731 |
| Council tax and water | 11,245 | 15,854 |
| Veterinary, farrier and stable requisites | 26,742 | 25,229 |
| Vehicle and ambulance expenses | 8,747 | 5,939 |
| Depreciation | 21,891 | 26,882 |
| | 378,091 | 351,976 |

7 Costs of supporting the Home

| | 2005 | 2004 |
|----------------------|----------------|-------------|
| | £ | £ |
| Staff costs | 119,988 | 113,449 |
| Heat and light | 2,329 | 2,382 |
| Canteen and cleaning | 8,623 | 8,573 |
| Telephone | 4,173 | 4,288 |
| Sundries | 3,476 | 2,267 |
| Depreciation | 4,940 | 7,451 |
| | 143,529 | 138,410 |

8 Managing and administering the Home

| | 2005 | 2004 |
|----------------------------------|---------------|-------------|
| | £ | £ |
| Audit and accountancy | 12,411 | 10,668 |
| Legal and professional fees | 16,484 | 21,589 |
| Travel and committee expenses | 8,931 | 6,470 |
| Printing, postage and stationery | 28,363 | 15,975 |
| Staff subsistence expenses | 936 | 2,184 |
| Staff training | 206 | 72 |
| Bank charges and interest | 230 | 173 |
| | 67,561 | 57,131 |

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

9 Net (outgoing)/incoming resources

| | 2005 £ | 2004 £ |
|---|-------------------|-------------------|
| This is arrived at after charging or (crediting): | | |
| Rent received | (11,349) | (14,853) |
| Depreciation – owned fixed assets | 28,147 | 32,090 |
| Gains on disposal – owned fixed assets | (1,316) | (232,205) |
| Auditors' remuneration - audit services | 6,350 | 5,950 |
| - non audit services | 6,061 | 4,718 |
| | <u> </u> | <u> </u> |

10 Employees

(a) Number of employees

During the year the average monthly number of staff employed by the Home was as follows:-

| | 2005 Number | 2004 Number |
|--------------------|----------------|----------------|
| Farm and stables | 11 | 11 |
| Home support staff | 4 | 4 |
| | <u> </u> | <u> </u> |
| | 15 | 15 |
| | <u> </u> | <u> </u> |

(b) Employment costs

| | 2005 £ | 2004 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 304,682 | 265,728 |
| Social security costs | 29,800 | 23,110 |
| Other pension costs | 19,087 | 15,042 |
| | <u> </u> | <u> </u> |
| | 353,569 | 303,880 |
| | <u> </u> | <u> </u> |

All staff are employed by the charity.

(c) Higher paid employees

One employee (2004: 1) received emoluments (excluding pension) between £65,001 - £70,000.

(d) Committee of management

No remuneration was paid to any member of the committee of management in either 2005 or 2004.

11 Taxation

The company is a registered charity and is not considered liable to taxation on its income. Income tax deducted at source from income is recoverable from the Inland Revenue.

THE HOME OF REST FOR HORSES**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****12 Tangible fixed assets***(a) Summary*

| | Freehold property and improvements | Plant and equipment | Furniture, fixtures and fittings | Motor vehicles and horse ambulance | Total |
|--------------------------------------|---|--------------------------------|---|---|----------------|
| | £ | £ | £ | £ | £ |
| <i>Cost</i> | | | | | |
| 1 January 2005 | 487,986 | 100,004 | 28,397 | 46,590 | 662,977 |
| Additions | - | 7,085 | 953 | 16,811 | 24,849 |
| Disposals | - | (34,832) | - | (14,765) | (49,597) |
| 31 December 2005 | 487,986 | 72,257 | 29,350 | 48,636 | 638,229 |
| <i>Depreciation</i> | | | | | |
| 1 January 2005 | 64,270 | 41,006 | 19,740 | 31,236 | 156,252 |
| Charge for the year | 13,983 | 5,016 | 4,940 | 4,208 | 28,147 |
| Disposals | - | (18,904) | - | (8,859) | (27,763) |
| 31 December 2005 | 78,253 | 27,118 | 24,680 | 26,585 | 156,636 |
| <i>Net book value – owned assets</i> | | | | | |
| 31 December 2005 | 409,733 | 45,139 | 4,670 | 22,051 | 481,593 |
| 31 December 2004 | 423,716 | 58,998 | 8,657 | 15,354 | 506,725 |

(b) Analysis of freehold property and loose boxes

Included within freehold property and improvements is land of £127,430, (2004: £127,430) which is not depreciated. Freehold property comprises property at Speen Farm and Little Moseley Farm, Buckinghamshire.

(c) All of the fixed assets are used for charitable purposes other than an element of furniture, fixtures and fittings which is used for administration purposes.

THE HOME OF REST FOR HORSES**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****13 Investments**

| <i>(a) Summary</i> | 2005 | 2004 |
|---|-------------------|-------------------|
| | £ | £ |
| <i>Cost</i> | | |
| 1 January 2005 | 10,906,907 | 10,702,913 |
| Additions | 6,431,147 | 5,829,779 |
| Disposals | (4,777,862) | (5,625,785) |
| 31 December 2005 | 12,560,192 | 10,906,907 |
| <i>Unrealised gain/(loss)</i> | | |
| 1 January 2005 | 607,795 | 147,527 |
| Movement in year | 1,117,824 | 460,268 |
| 31 December 2005 | 1,725,619 | 607,795 |
| <i>Market value of quoted investments</i> | | |
| 31 December 2005 | 14,285,811 | 11,514,702 |
| <i>Other investment monies</i> | | |
| Bank deposit accounts | 2,149,419 | 3,131,327 |
| Bank current accounts | 135,624 | 130,856 |
| Income tax recoverable | - | 1,285 |
| Bank deposit interest due | 15,833 | 20,000 |
| 31 December 2005 | 2,300,876 | 3,283,468 |
| Total investments | 16,586,687 | 14,798,170 |

(b) Analysis of investments

Quoted investments at market value are comprised of:-

| | 2005 | 2004 |
|----------------------------------|-------------------|-------------------|
| | £ | £ |
| UK equities | 10,444,572 | 7,273,354 |
| UK fixed interest securities | 2,701,688 | 2,492,049 |
| Non UK fixed interest securities | 1,139,551 | 1,749,299 |
| | 14,285,811 | 11,514,702 |

THE HOME OF REST FOR HORSES**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****13 Investments (Continued)***(c) Significant investments*

Investments held representing more than 5% of portfolio of quoted investments:

| Holding | 2005 | | 2004 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Market value £ | Proportion % | Market value £ | Proportion % |
| 135,000 (2004: 145,000) BP ordinary shares | 800,093 | 5.6 | 736,600 | 6.4 |
| 750,000 4¾% Treasury Stock 2015 | 835,650 | 5.8 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

14 Stocks

| | 2005 £ | 2004 £ |
|--------|-------------------|-------------------|
| Forage | 2,113 | 2,666 |
| | <u> </u> | <u> </u> |

There is no material difference between the replacement cost of stocks and the amounts stated above.

15 Debtors

| | 2005 £ | 2004 £ |
|-------------------------------|---------------|---------------|
| Income tax recoverable | 10,758 | 10,359 |
| Other debtors and prepayments | 7,342 | 9,096 |
| | <u>18,100</u> | <u>19,455</u> |

All amounts shown under debtors fall due for payment within one year.

16 Creditors: amounts falling due within one year

| | 2005 £ | 2004 £ |
|---------------------------------------|---------------|---------------|
| Other creditors | 14,481 | 19,492 |
| Other taxes and social security costs | 7,892 | 9,309 |
| Accruals | 38,449 | 28,743 |
| | <u>60,822</u> | <u>57,544</u> |

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

17 Accumulated funds

| | Balance at 1 Jan 2005 £ | Incoming resources £ | Resources expended £ | Investment gains £ | Transfers £ | Balance at 31 Dec 2005 £ |
|--------------------------------|-------------------------------|----------------------------|----------------------------|--------------------------|----------------|--------------------------------|
| <i>Unrestricted funds</i> | | | | | | |
| General fund | 1,784,291 | 1,284,577 | (783,617) | - | (1,276,444) | 1,008,807 |
| <i>Designated funds:</i> | | | | | | |
| Charitable fixed assets | 506,725 | - | (26,831) | - | 1,699 | 481,593 |
| Future grants | 1,070,995 | - | (549,933) | - | 1,274,745 | 1,795,807 |
| Capital fund | 12,000,000 | - | - | 1,763,875 | - | 13,763,875 |
| | 15,362,011 | 1,284,577 | (1,360,381) | 1,763,875 | - | 17,050,082 |
| <i>Restricted fund</i> | - | 23,091 | (16,300) | - | - | 6,791 |
| Total accumulated funds | 15,362,011 | 1,307,668 | (1,376,681) | 1,763,875 | - | 17,056,873 |

The Designated funds are those funds designated at the discretion of the Committee for particular purposes.

The Charitable fixed asset fund represents fixed assets held for the Home's use.

The capital fund represents funds set aside to ensure a flow of income which is sufficient to support the future activities of the Charity. The fund was established during the year ended 31 December 1998 by a transfer from the general fund of £12,750,000.

Movements in the fund since that date have reflected the investment gains and losses in the period. The Committee of Management believe that to ensure a sufficient flow of future income the Capital fund balance should be at least £12m.

The Future grants fund represents Equine Welfare grants that the Committee has agreed to pay over future years as follows:-

| Year | £ |
|------|------------------|
| 2006 | 845,003 |
| 2007 | 653,093 |
| 2008 | 262,388 |
| 2009 | 35,323 |
| | <u>1,795,807</u> |

The Restricted fund represents the balance of donations due to be applied for specific purposes determined by the donors.

THE HOME OF REST FOR HORSES

(A company limited by guarantee and not having a share capital)

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

18 Analysis of net assets between funds

| | Tangible fixed assets £ | Investments £ | Net current liabilities £ | Total £ |
|---------------------------|-------------------------------|-------------------|---------------------------------|-------------------|
| <i>Unrestricted funds</i> | | | | |
| General fund | - | 1,027,005 | (18,198) | 1,008,807 |
| Designated funds: | | | | |
| Charitable fixed assets | 481,593 | - | - | 481,593 |
| Future grants | - | 1,795,807 | - | 1,795,807 |
| Capital fund | - | 13,763,875 | - | 13,763,875 |
| | <u>481,593</u> | <u>16,586,687</u> | <u>(18,198)</u> | <u>17,050,082</u> |
| <i>Restricted funds</i> | - | - | 6,791 | 6,791 |
| | <u>481,593</u> | <u>16,586,687</u> | <u>(11,407)</u> | <u>17,056,873</u> |

19 Capital commitments

| | 2005 £ | 2004 £ |
|---------------------------------|---------------|-----------|
| Contracted for but not provided | <u>17,119</u> | <u>-</u> |

20 Members guarantee

The company has no share capital but is limited by guarantee. Every member of the company is a guarantor and undertakes to contribute to the assets of the company, in the event of it being wound up, such amounts as may be required. Each guarantor's liability is limited to 5p.

21 Committee of Management interests

During the year 9 (2004: 12) members of the Committee of Management received £2,978 (2004: £2,950), in respect of meeting and travel expenses.

22 Pension

The company operates a defined contribution plan and a group personal pension plan. The assets of both schemes are held separately from the company in independently administered funds. The pension cost charge of £19,087 (2004: £15,042) represents contributions payable to the funds and £2,412 (2004: £Nil) were in arrears at the year end.