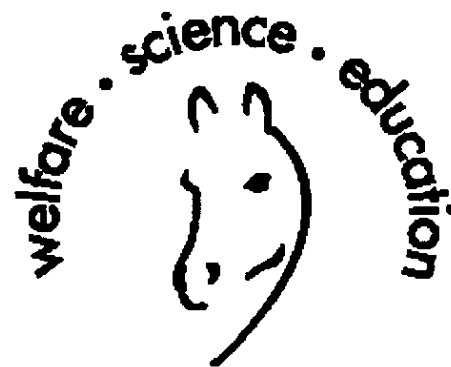


347417



The Horse Trust

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

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

SATURDAY



AH1TGPH7

A46

12/05/2007

289

COMPANIES HOUSE

THE HORSE TRUST

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

Annual report and financial statements for the year ended 31 December 2006

Contents

Page:

1	Committee of Management and advisors
2	Report of the Committee of Management
8	Independent auditors' report
9	Income and expenditure account incorporating statement of financial activities
10	Balance sheet
11	Notes forming part of the financial statements

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 HORSE TRUST

(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: The Horse Trust
Home of Rest for Horses
Speen
Princes Risborough
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 GCV O (Chairman)
Mrs L Al-Nakeeb ♦
Professor ARS Barr MRCVS *
Mr I Camm BVSc CertEP MRCVS * (appointed 13 April 2006)
Mr G Henderson (appointment confirmed 13 April 2006)
Mr A Kendall ♦♦
Mr J Ker ●○ (Hon Treasurer)
Professor SA May FRCVS *♦○ (retired 13 April 2006)
Dr JA Mumford Hon Ass RCVS *
Mrs L Poett (appointment confirmed 13 April 2006)
Professor JD Slater MRCVS *♦♦
Mr CW Smyth-Osbourne ○
Mr CRR Sweeting MRICS ♦

* 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 UK Audit LLP
Abbotsgate House, Hollow Road, Bury St Edmunds, IP32 7FA

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

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

THE HORSE TRUST

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

Report of the Committee of Management for the year ended 31 December 2006

The Committee of Management present their annual report together with the audited financial statements for the year ended 31 December 2006

Structure, Governance and Management

Status and Administration

The Trust 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 6 of this report, is responsible for the activities of the charity.

Recruitment and Induction of Trustees

Committee members normally serve for a maximum of 6 years and are selected to provide a broad spectrum of relevant expertise and experience.

Existing trustees and members are invited to submit names of potential trustees, who have to be registered members elected by The Committee of Management. The Committee will scrutinise these nominations with a view to ensuring that the duly elected Committee contains the necessary skills mix.

Trustee vacancies can be filled at any time through election by the Committee but such appointments have to be confirmed through election by the members at the next AGM. Trustees serve for a nominal term of three years after which they can stand for election for a further three year term before compulsory retirement.

Induction training is provided for all new trustees. They visit the registered office so they can see how the charity operates on a day to day basis. This also gives the new trustees an opportunity to meet the Chief Executive and other key personnel. The new trustees are given a briefing pack of important documentation such as the procedures manual and the duties of a trustee.

Trustees are encouraged to attend appropriate external training events, seminars, workshops and be briefed on and discuss topical matters to assist them in the understanding and performance of their role.

Organisation

The Committee of Management and the Investment Management Committee meet 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 Trust.

Risk Management

The Committee of Management examines the major strategic business and operational risks which The Trust faces on an annual basis. They also ensure that there are the systems and procedures in place to mitigate these risks and to minimise any potential impact on the charity.

THE HORSE TRUST

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

Report of the Committee of Management for the year ended 31 December 2006 *(Continued)*

Objectives and Activities

The objects of the charity can be summarised in our mission statement

The Trust promotes the health and welfare of horses through knowledge and ethical scientific research to reduce disease and suffering

In achieving these objectives The Trust undertakes three main charitable activities

- 1 Providing equine welfare grants for post graduate veterinary scholarships and for ethical scientific research in selected institutions
- 2 Educating horse owners and potential horse owners in matters of relevance to horse welfare
- 3 Admitting into our stables and caring for horses from organisations and members of the public as a practical demonstration of the demands of responsible horse ownership

The Trust is assisted in running the stables by a small but dedicated team of volunteers. They mainly help ushering the general public during our busy opening times

Welfare Grants Strategy

Grant making policy takes into account the financial situation of the charity and its obligations to maintain The Trust. The Trust invites applications for funding of projects through advertising in specialist veterinary and scientific media. Each application is reviewed by the Scientific Sub-Committee and independent external experts. After the internal and external reviews have been completed the Scientific Sub-Committee puts forward recommendations to the full Committee of Management. Successful applications for funding are monitored throughout the duration of the project to ensure the objectives are met and the budgets adhered to.

Achievements and Performance

2006 was an important year for The Horse Trust as it changed its name from The Home of Rest for Horses. The charity has grown in stature since its foundation 120 years ago as a rest home for the working horses of London. It now embraces a diverse agenda of welfare, science and education which was not reflected by the simple name 'The Home of Rest for Horses'.

The Trust was fortunate during the year to receive in excess of £1.5 million from legacies and donations which had enabled the Charity to continue to provide significant support to a range of equine welfare projects. In addition further improvements have been made at The Home in order to enhance the standard of care provided to our resident animals. The Trust's programme of furthering education in the care of horses, ponies and donkeys continues.

During 2006 The Horse Trust awarded 14 new welfare grants totalling over £1.5m, which were awarded to a number of universities and other non profit organisations. The Trust currently has approved future grants amounting to £1,996,455 (2005 - £1,795,807) which are represented by a separate designated fund. In all, a total of 34 projects leading to improvements to the welfare of horses, ponies and donkeys were supported during the year by grants from The Trust. Grants paid in 2006 and 2005 are detailed on page 4.

THE HORSE TRUST

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

Report of the Committee of Management for the year ended 31 December 2006 *(Continued)*

Achievements and Performance *(continued)*

The Trust educated horse owners and potential horse owners by supporting the British Horse Society in the production of a number of welfare leaflets. The Trust also supported the BEVA Trust who ran an educational seminar for horse owners. The Trust also provides regular presentations to groups on the care and management of horses.

The Trust is an active member in the National Equine Welfare Council and has assisted in working groups to produce codes of practice and supported strategies for the horse industry. The Trust has also had a key role in the planning and continued implementation of the Equine Health and Welfare Strategy.

Projects Supported	2006 No	2006 £	2005 No	2005 £
Animal Health Trust	7	222,396	7	98,080
Liverpool University	9	159,132	10	159,016
Glasgow University	6	147,709	6	121,270
Royal Veterinary College	5	85,838	6	85,431
Bristol University	1	47,136	-	-
Edinburgh University	1	24,150	3	33,761
National Equine Welfare Council	1	10,000	2	24,280
London Harness Horse Parade	1	2,500	1	2,500
British Mule Society	1	1,000	-	-
National Equine Forum	1	750	1	750
Horse Rangers	1	500	-	-
Newcastle University	-	-	1	10,282
ADAS	-	-	1	6,529
Vauxhall City Farm	-	-	1	5,919
Greatwood	-	-	1	2,115
Total	34	701,111	40	549,933

Financial Review

Review of the year

Income for 2006 was much higher than in 2005 and this was mainly due to a large increase in legacies. It was this increase in legacies that ensured a healthy surplus for the year before investment gains of over £400k despite an increase in the level of research funding.

The value of investments during 2006 has increased by just over £1m which will be used to provide a strong capital base for the future of The Horse Trust and to sustain the desired level of research funding.

THE HORSE TRUST

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

Report of the Committee of Management for the year ended 31 December 2006 (Continued)

Investment Policy

The Committee of Management has the power to invest in such assets as it sees fit. Management of The Trust'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 UK stock market.

Reserves

The Committee of Management has developed over past years its policy with regard to the accumulated funds of The Trust. As explained in note 20 to the accounts, designated funds are held to finance charitable fixed assets, approved future grant commitments and a capital fund. The remaining £1,212,631 represents free reserves for the general charitable and running costs of The Trust and the Committee of Management believes this amount to be a prudent retention of available funds. The Reserves Policy is reviewed annually.

Public Relations and Fundraising

Despite its unique history and unparalleled contribution to welfare it was recognised that The Trust's public profile and the percentage of its income derived directly from public support did not match that of similar charities. The Trust is therefore promoting its profile through an enhanced public relations programme guided by a 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 £395,841, is considered by the Committee of Management to be in excess of that value.

Future Plans

The name change will be used as a catalyst to consolidate and enhance our position as a leading equine welfare charity.

The Trust plans to continue to pursue the objectives of the charity by undertaking the following strategies:

- 1 To collaborate with other equine charities and government departments to develop national welfare policies within the horse industry
- 2 Issuing welfare grants as recommended by the Scientific Sub Committee. During 2007 it is hoped to increase the level of grant funding up to a sustainable minimum level of £1m per annum
- 3 The Trust will continue with its education programme of horse owners and potential horse owners by the production of leaflets and the sponsorship of seminars. The Visitors Centre will also be redesigned providing more information to the large numbers of people who visit The Home each year
- 4 Offering sanctuary to retired horses as a practical demonstration of the demands of responsible horse ownership

THE HORSE TRUST

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

Report of the Committee of Management for the year ended 31 December 2006 (Continued)

The Committee of Management

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

Major General Sir Simon Cooper GCV O	(Chairman)
Mrs L Al-Nakeeb ♦	
Professor A R S Barr MRCVS*	
Mr I Camm BVSc CertEP MRCVS*	(appointed 13th April 2006)
Mr G Henderson	(appointment confirmed 13th April 2006)
Mr A Kendall ♦♦	
Mr J Ker •○	(Hon Treasurer)
Professor SA May FRCVS *♦○	(retired 13th April 2006)
Dr J A Mumford Hon Assoc RCVS*	
Mrs L Poett	(appointment confirmed 13th April 2006)
Professor J D Slater MRCVS*♦♦	
Mr C W Smyth-Osbourne ○	
Mr C R R Sweeting MRICS ♦	

- * 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 charitable company and of the surplus or deficit of the charity 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 charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

THE HORSE TRUST

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

Report of the Committee of Management for the year ended 31 December 2006 (Continued)

Auditor

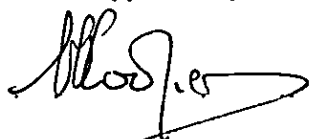
The Committee of Management, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5) Baker Tilly UK Audit LLP has indicated its willingness to continue in office

Statement as to disclosure of information to auditors

The Committee of Management who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware Each of the members of the Committee of Management have confirmed that they have taken all the steps that they ought to have taken as committee members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

The report was approved by order of the Committee of Management on

1 March 2007



Major General Sir Simon Cooper GCVO
Chairman

THE HORSE TRUST

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

Independent auditors' report

To the members of The Horse Trust

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

We have audited the financial statements on pages 9 to 22

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

The responsibilities of the Committee of Management (who are also the directors of The Horse Trust 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 Management's Responsibilities.

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

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 whether in our opinion the Report of the Committee of Management is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 the Report of the Committee of Management and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

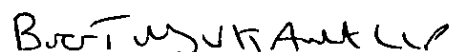
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2006 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
- the information given in the Report of the Committee of Management is consistent with the financial statements



BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk IP32 7FA

20 April 2007

THE HORSE TRUST**(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 2006**

	Note	Unrestricted funds £	Restricted funds £	2006 Total £	2005 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Donations and legacies	2	1,513,601	34,574	1,548,175	760,112
Activities for generating funds:					
Investment income	3	562,680	-	562,680	536,167
		<u>2,076,281</u>	<u>34,574</u>	<u>2,110,855</u>	<u>1,296,279</u>
Incoming resources from charitable activities:					
Sundry income:					
Rent receivable and sundry income	4	12,443	-	12,443	11,389
Total incoming resources		<u>2,088,724</u>	<u>34,574</u>	<u>2,123,298</u>	<u>1,307,668</u>
Resources expended					
Cost of generating funds:					
Cost of generating funds	5	167,341	-	167,341	156,067
Investment management costs		81,834	-	81,834	71,471
		<u>249,175</u>	<u>-</u>	<u>249,175</u>	<u>227,538</u>
Charitable activities					
The Home of Rest for Horses	6	480,904	-	480,904	403,207
Research costs	7	803,648	-	803,648	622,583
Education in equine welfare	9	118,151	6,410	124,561	96,924
Total charitable activities		<u>1,402,703</u>	<u>6,410</u>	<u>1,409,113</u>	<u>1,122,714</u>
Governance costs	10	35,578	-	35,578	26,429
Total resources expended		<u>1,687,456</u>	<u>6,410</u>	<u>1,693,866</u>	<u>1,376,681</u>
Net incoming/(outgoing) resources		<u>401,268</u>	<u>28,164</u>	<u>429,432</u>	<u>(69,013)</u>
Net realised investment gains		615,565	-	615,565	646,051
Historical cost movement in resources		<u>1,016,833</u>	<u>28,164</u>	<u>1,044,997</u>	<u>577,038</u>
Net unrealised investment gains		16,575	-	16,575	1,117,824
Net movement in funds		<u>1,033,408</u>	<u>28,164</u>	<u>1,061,572</u>	<u>1,694,862</u>
Accumulated funds brought forward		17,050,082	6,791	17,056,873	15,362,011
Accumulated funds carried forward		<u>18,083,490</u>	<u>34,955</u>	<u>18,118,445</u>	<u>17,056,873</u>

All recognised gains and losses are included within the above statement

All amounts relate to continuing activities

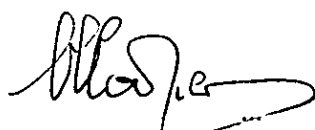
The notes on pages 11 to 22 form part of these financial statements

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

Balance sheet at 31 December 2006

	Note	2006	2005
		£	£
Fixed assets			
Tangible assets	15	478,389	481,593
Investments	16	17,628,199	16,586,687
		<u>18,106,588</u>	<u>17,068,280</u>
Current assets			
Stocks	17	2,947	2,113
Debtors	18	19,923	18,100
Cash at bank and in hand		70,375	29,202
		<u>93,245</u>	<u>49,415</u>
Creditors: amounts falling due within one year	19	<u>81,388</u>	<u>60,822</u>
Net current assets/(liabilities)		<u>11,857</u>	<u>(11,407)</u>
Net assets		<u>18,118,445</u>	<u>17,056,873</u>
Represented by			
<i>Unrestricted funds</i>	20		
General fund		1,212,631	1,008,807
Designated funds			
Charitable fixed assets		478,389	481,593
Future grants		1,996,455	1,795,807
Capital fund		14,396,015	13,763,875
		<u>18,083,490</u>	<u>17,050,082</u>
<i>Restricted funds</i>	21	<u>34,955</u>	<u>6,791</u>
Total accumulated funds		<u>18,118,445</u>	<u>17,056,873</u>

The financial statements on pages 9 to 22 were approved by the Committee of Management and authorised for issue on 1 March 2007 and are signed on its behalf by



Major General Sir Simon Cooper GCVO
Chairman



J Ker
Honorary Treasurer

The notes on pages 11 to 22 form part of these financial statements

THE HORSE TRÚST

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

Notes forming part of the financial statements for the year ended 31 December 2006

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 2005) 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 land	- nil
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 HORSE TRUST

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

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*Continued*)

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy

Voluntary income is received by way of legacies and donations and is included in full in the statement of financial activities when receivable

Investment income is included when receivable

Resources expended

Costs of generating funds comprise the costs associated with attracting voluntary and investment income

Charitable expenditure comprises those costs incurred by the charity in the delivery of its charitable activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them

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 20

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in note 11

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 20

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

THE HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****2 Donations and legacies**

	2006 £	2005 £
Income for old favourites and cases	16,393	19,275
Subscriptions	30	20
Donations	109,087	75,448
Echo Memorial Appeal	494	6,791
Legacies	1,422,171	658,578
	<u>1,548,175</u>	<u>760,112</u>

3 Investment income

	2006 £	2005 £
Income from listed investments	463,760	449,636
Bank interest	98,920	86,531
	<u>562,680</u>	<u>536,167</u>

4 Rent receivable and sundry income

	2006 £	2005 £
Rent	12,093	11,349
Other	350	40
	<u>12,443</u>	<u>11,389</u>

5 Cost of generating funds

	2006 £	2005 £
Advertising	105,544	108,480
Annual general meeting	18	307
Annual reports	8,928	8,310
Support costs (see note 11)	52,851	38,970
	<u>167,341</u>	<u>156,067</u>

THE HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****6 Home of Rest for Horses**

	2006 £	2005 £
Forage	14,771	19,703
Fertiliser and sprays	5,156	5,039
Repairs and maintenance - machinery	5,645	13,021
- building	2,888	4,452
- estate	66,598	26,120
- accommodation	4,205	1,454
- farmhouse	493	3,898
Heat and light	6,403	7,200
Insurances	8,141	8,240
Council tax and water	9,732	11,245
Veterinary, farrier and stable requisites	28,390	26,742
Vehicle expenses	7,808	8,747
Depreciation	23,375	21,891
Support costs (see note 11)	297,299	245,455
	480,904	403,207

7 Research costs

	2006 £	2005 £
Scientific research	476,902	340,671
Clinical scholarship	209,459	192,168
Other	14,750	17,094
Support costs (see note 11)	102,537	72,650
	803,648	622,583

8 Research grant recipients

	2006 No	2006 £	2005 No	2005 £
Animal Health Trust	7	222,396	7	98,080
Liverpool University	9	159,132	10	159,016
Glasgow University	6	147,709	6	121,270
Royal Veterinary College	5	85,838	6	85,431
Bristol University	1	47,136	-	-
Edinburgh University	1	24,150	3	33,761
National Equine Welfare Council	1	10,000	2	24,280
London Harness Horse Parade	1	2,500	1	2,500
British Mule Society	1	1,000	-	-
National Equine Forum	1	750	1	750
Horse Rangers	1	500	-	-
Newcastle University	-	-	1	10,282
ADAS	-	-	1	6,529
Vauxhall City Farm	-	-	1	5,919
Greatwood	-	-	1	2,115
Total	34	701,111	40	549,933

THE HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****9 Education in Equine Welfare**

	2006	2005
	£	£
Education	33,860	24,206
Education events	677	950
Visitors Centre	786	10,601
Support costs (see note 11)	89,238	61,167
	124,561	96,924

10 Governance costs

	2006	2005
	£	£
Salaries and fees	12,284	13,648
Pension	1,273	1,250
Heat and light	33	36
Cleaning	166	144
Telephone	65	70
Audit and accountancy	8,700	7,000
Legal and professional fees	30	-
Cost of rebranding	6,311	-
Committee members' expenses	6,295	4,120
Staff subsistence expenses	214	140
Staff training	207	21
	35,578	26,429

THE HORSE TRUST

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

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

11 Support costs

	Cost of generating funds £	The Home £	Research costs £	Education in equine welfare £	Governance costs £	Total £	Basis of apportionment
Salaries and fees	30,289	229,569	57,370	45,532	12,284	375,044	Staff time
Pension	2,502	9,731	4,469	3,596	1,273	21,571	Staff time
Heat and light	143	1,671	246	212	34	2,306	Staff numbers
Cleaning	696	8,161	1,200	1,034	166	11,257	Staff numbers
Telephone	272	3,190	469	404	64	4,399	Staff numbers
Sundries	-	1,487	1,486	1,486	-	4,459	Equal split
Depreciation of office equipment	-	1,361	1,361	1,361	-	4,083	Equal split
Audit and accountancy	-	2,317	2,317	2,317	8,700	15,651	Individual costs
Legal and professional fees	-	12,814	12,632	12,608	30	38,084	Individual costs
Costs of rebranding Committee members' expenses	6,311	6,311	6,311	6,311	6,311	31,555	Equal split
Staff subsistence expenses	936	1,189	1,036	820	6,295	10,276	Individual costs
Printing, postage and stationery	71	499	357	285	214	1,426	Individual costs
Staff training	11,620	11,620	11,620	11,620	-	46,480	Equal split
Bank charges and interest	11	7,328	1,612	1,601	207	10,759	Individual costs
	-	51	51	51	-	153	Equal split
	52,851	297,299	102,537	89,238	35,578	577,503	

The charity adopts a policy of allocating costs to the respective cost heading through the year. This allocation includes support costs where they are directly attributable. Where such costs are not directly attributable they are allocated on either staff time or numbers. Where this is not considered appropriate support costs are allocated evenly.

12 Net incoming/(outgoing) resources

	2006 £	2005 £
This is arrived at after charging or (crediting)		
Rent received	(12,093)	(11,349)
Depreciation – owned fixed assets	30,154	28,147
Gains on disposal – owned fixed assets	(2,697)	(1,316)
Auditors' remuneration - audit services	6,650	6,350
- non audit services	9,003	6,061

THE HORSE TRUST

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

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

13 Employees

(a) *Number of employees*

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

	2006 Number	2005 Number
Farm and stables	13	11
Home support staff	5	4
	<u>18</u>	<u>15</u>

(b) *Employment costs*

	2006 £	2005 £
Wages and salaries	342,903	304,682
Social security costs	32,142	29,800
Pension costs	21,571	19,087
	<u>396,616</u>	<u>353,569</u>

All staff are employed by the charity

(c) *Staff earning in excess of £60,000*

There was one employee (2005 – one) who earned between £60,000 - £70,000

14 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 HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****15 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 2006	487,986	72,257	29,350	48,636	638,229
Additions	-	8,803	9,531	17,119	35,453
Disposals	-	-	(1,640)	(31,825)	(33,465)
31 December 2006	487,986	81,060	37,241	33,930	640,217
<i>Depreciation</i>					
1 January 2006	78,253	27,118	24,680	26,585	156,636
Charge for the year	13,892	5,393	4,083	6,786	30,154
Disposals	-	-	(1,640)	(23,322)	(24,962)
31 December 2006	92,145	32,511	27,123	10,049	161,828
<i>Net book value – owned assets</i>					
31 December 2006	395,841	48,549	10,118	23,881	478,389
31 December 2005	409,733	45,139	4,670	22,051	481,593

(b) Analysis of freehold property and loose boxes

Included within freehold property and improvements is land of £127,430, (2005 £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 HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****16 Investments***(a) Summary*

	2006	2005
	£	£
<i>Cost</i>		
1 January 2006	12,560,192	10,906,907
Additions	8,624,908	6,431,147
Disposals	(6,941,818)	(4,777,862)
31 December 2006	14,243,282	12,560,192
<i>Unrealised gain</i>		
1 January 2006	1,725,619	607,795
Movement in year	16,575	1,117,824
31 December 2006	1,742,194	1,725,619
<i>Market value of quoted investments</i>		
31 December 2006	15,985,476	14,285,811
<i>Other investment monies</i>		
Stockbroker open accounts		
Capital account	1,494,720	2,149,419
Income account	121,639	135,624
Income tax recoverable	-	-
Bank deposit interest due	26,364	15,833
31 December 2006	1,642,723	2,300,876
Total investments	17,628,199	16,586,687

(b) Analysis of investments

Quoted investments at market value are comprised of -

	2006	2005
	£	£
UK equities	11,013,787	10,444,572
UK fixed interest securities	3,230,113	2,701,688
Non UK fixed interest securities	1,741,576	1,139,551
	15,985,476	14,285,811

THE HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****16 Investments (Continued)***(c) Significant investments*

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

Holding	2006		2005	
	Market value £	Proportion %	Market value £	Proportion %
1,100,000 4¾% Treasury Stock 2020	1,128,149	7.1	-	-
1,000,000 (2005 750,000) 4¾% Treasury Stock 2015	1,012,490	6.3	835,650	5.8
110,000 (2005 135,000) BP ordinary shares	624,250	3.9	800,093	5.6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Stocks

	2006 £	2005 £
Forage	2,947	2,113
	<u> </u>	<u> </u>

18 Debtors

	2006 £	2005 £
Income tax recoverable	12,284	10,758
Other debtors and prepayments	7,639	7,342
	<u>19,923</u>	<u>18,100</u>

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

19 Creditors: amounts falling due within one year

	2006 £	2005 £
Other creditors	32,909	14,481
Other taxes and social security costs	9,869	7,892
Accruals	38,610	38,449
	<u>81,388</u>	<u>60,822</u>

THE HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****20 Accumulated funds**

	Balance at 1 Jan 2006 £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	Balance at 31 Dec 2006 £
<i>Unrestricted funds</i>						
General fund	1,008,807	2,088,724	(958,886)	-	(926,014)	1,212,631
<i>Designated funds</i>						
Charitable fixed assets	481,593	-	(27,459)	-	24,255	478,389
Future grants	1,795,807	-	(701,111)	-	901,759	1,996,455
Capital fund	13,763,875	-	-	632,140	-	14,396,015
	17,050,082	2,088,724	(1,687,456)	632,140	-	18,083,490
<i>Restricted fund</i>	6,791	34,574	(6,410)	-	-	34,955
Total accumulated funds	17,056,873	2,123,298	(1,693,866)	632,140	-	18,118,445

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	£
2007	864,030
2008	705,784
2009	360,207
2010	66,434
	<u>1,996,455</u>

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

THE HORSE TRUST**(A company limited by guarantee and not having a share capital)****Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****21 Restricted funds**

	2006 £
Echo Memorial Fund	
Balance brought forward	6,791
2006 donations	494
Balance carried forward	<u>7,285</u>
Equine Welfare Guidelines compendium	
Balance brought forward	-
2006 donations	34,080
2006 grant	(6,410)
Balance carried forward	<u>27,670</u>
Restricted fund total	<u>34,955</u>

22 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	Total £
<i>Unrestricted funds</i>				
General fund	-	1,200,774	11,857	1,212,631
Designated funds				
Charitable fixed assets	478,389	-	-	478,389
Future grants	-	1,996,455	-	1,996,455
Capital fund	-	14,396,015	-	14,396,015
	<u>478,389</u>	<u>17,593,244</u>	<u>11,857</u>	<u>18,083,490</u>
<i>Restricted funds</i>	-	34,955	-	34,955
	<u>478,389</u>	<u>17,628,199</u>	<u>11,857</u>	<u>18,118,445</u>

23 Members guarantee

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

24 Committee of Management interests

During the year 12 (2005: 9) members of the Committee of Management received £3,857 (2005: £2,978), in respect of meeting and travel expenses.

25 Pension

The charitable company operates a defined contribution plan and a group personal pension plan. The assets of both schemes are held separately from the charity in independently administered funds. The pension cost charge of £21,571 (2005: £19,087) represents contributions payable to the funds and £Nil (2005: £2,412) were in arrears at the year end.