

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 2008

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The Horse Trust
Annual report and financial statements for the year ended 31 December 2008

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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 Horse Trust
Committee of Management and advisors

Founded 1886 * Incorporated 1938 * Registered Charity 231748
Company Limited by Guarantee * 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: Baroness Mallalieu QC

Management Committee:

Mr G Henderson ◊ ♦
Mrs L Al-Nakeeb ♦
Professor ARS Barr MRCVS *
Mr R Emerson ♦ - appointed 23rd April 2008
Mr A Kendall ♦♦
Mr J Ker ●◊ (Hon Treasurer)
Mr R Mann ●◊ - appointed 6th November 2008
Professor SA May FRCVS ◊ – appointed 23rd April 2008
Dr JA Mumford Hon Ass RCVS *♦ - retired 6th November 2008
Mrs L Poett
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: Cazenove Capital Management Limited, 12 Moorgate London, EC2R 6DA
Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU

The Horse Trust

Report of the Committee of Management for the year ended 31 December 2008

The Committee of Management present their annual report together with the audited financial statements for the year ended 31 December 2008.

Structure, Governance and Management

Status and Administration

The Trust was founded in 1886 and incorporated as a company limited by guarantee 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 meet quarterly but there are sub-groups that consider more specialised areas of The Horse Trust. These sub-groups report to the Full Committee of Management.

- Remuneration Sub-Committee which meets once per year to discuss pay and conditions
- Scientific Sub-Committee which meets more frequently to assess grant applications and procedures.
- Marketing Sub-Committee that meets twice a year to focus on advertising, public relations and marketing.
- Investment Management Sub-Committee that meets quarterly to review the performance of the stock portfolio.

With effect from the 2009 AGM, the Remuneration Sub Committee has been renamed the Operations Sub Committee and will focus on all aspects of day to day operations and their cost control. The Marketing Sub Committee has been renamed the Marketing and Development Sub Committee to mark an increased focus in fund raising. 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.

The Horse Trust

Report of the Committee of Management for the year ended 31 December 2008 (*Continued*)

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 main areas of risk are considered to be a major financial collapse, a fire or incident at The Home of Rest For Horses or the failure of The Trust's investment or legacy fundraising strategy. The Trustees feel that all possible work is being undertaken to lessen these risks.

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

2008 has been a challenging year for The Horse Trust. In January, The Trust joined a number of other organisations in assisting with a large scale rescue of over 100 horses from a farm in Amersham pending the outcome of a RSPCA prosecution. The extra animals have placed a large burden on our yard staff and increased our costs, however the public response was massive and donations were received from all over the country.

Following on from this rescue The Horse Trust was instrumental in bringing together the agencies involved and writing and publishing the National Equine Welfare Protocol which sets out how different organisations will work together to promote equine welfare and respond to reported instances of abuse and neglect.

The Horse Trust

Report of the Committee of Management for the year ended 31 December 2008 (Continued)

Achievements and Performance (continued)

The African Horse Sickness Working Party, started and chaired by the Horse Trust in 2007, has brought together multiple agencies working with government to deliver a package that will equip the UK and Europe to deal effectively with a disease outbreak that is potentially devastating to the horse and the whole horse industry. The working party has been instrumental in the establishment of a European vaccine bank as an essential control measure in the event of disease incursion. The success of this Horse Trust initiative has led to the adoption of the working party by government and its use as a template for a strategy covering the whole spectrum of exotic diseases which pose an increasing threat linked to climate change.

During 2008 The Horse Trust awarded 11 new welfare grants totalling over £800k, which were awarded to a number of universities and other non profit organisations. The Trust currently has approved future grants amounting to £1,532,307 (2007 - £2,086,812) 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 Trust. Grants paid in 2008 and 2007 are detailed below.

Projects Supported	2008 No	2008 £	2007 No	2007 £
Liverpool University	11	250,364	9	213,850
Animal Health Trust	6	216,396	6	239,989
Glasgow University	5	147,517	5	232,178
Royal Veterinary College	6	114,110	5	116,238
Moredun	1	80,608	-	-
Edinburgh University	4	78,247	2	38,769
Bristol University	2	61,143	2	65,849
UCL	1	59,957	1	36,233
Crosskennan	1	12,855	-	-
CLAS	1	12,855	-	-
National Equine Welfare Council	2	5,125	1	3,000
London Harness Horse Parade	1	2,500	1	2,500
Woodcote Communications	1	582	-	-
BEVA – ESPVF	-	-	1	10,000
Total	42	1,042,259	33	958,605

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 Equine Health and Wealth Strategy for Great Britain was launched in 2007 and The Horse Trust is playing a major role in the implementation of this long term strategy. The Horse Trust's high standing in the industry and our ongoing collaborative work with DEFRA was recognised with an invitation to become advisers to The All Party Parliamentary Group for the Horse.

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 Horse Trust
Report of the Committee of Management for the year ended 31 December 2008 (Continued)

Financial Review

Review of the year

Donations for 2008 increased dramatically which was mainly due to the public response to The Horse Trust's involvement in the Amersham horse rescue. Legacy income has reduced which is believed to be a result of the current economic climate.

This fall in income has resulted in net outgoing resources in the year of £334,048. The current economic climate has produced a significant fall in the market value of investments and The Committee of Management has taken the decision to reduce the level of funding offered to research grants in 2009.

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 split equally between two investment houses, Sarasin & Partners and Cazenove Capital Management 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 movements.

Reserves

The Committee of Management has developed over past years its policy with regard to the accumulated funds of The Trust. As explained in the notes to the accounts, designated funds are held to finance charitable fixed assets, approved future grant commitments and a capital fund. The remaining £1,435,682 represents free reserves for general charitable activities and the running costs of The Trust. The Committee of Management believes this amount to be a prudent retention of available funds.

The Capital Fund has fallen below the minimum set out in the reserves policy which is why new research grants or scholarships are not being offered in 2009.

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.

In 2008 the Committee approved an increase in the advertising spend with a view to increasing both legacy income and donations. During the later part of the year the Marketing Sub-Committee commenced a retendering process of both advertising and public relations to ensure The Horse Trust is receiving the necessary expertise.

Land and Buildings

The market value of freehold properties, included in the balance sheet at a book value of £391,502, is considered by the Committee of Management to be in excess of that value.

The Horse Trust

Report of the Committee of Management for the year ended 31 December 2008 (Continued)

Future Plans

The name change in 2007 to The Horse Trust will continue to 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 subject to available funding.
3. To forge greater links with other national bodies to assist in tackling major welfare issues.
4. 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.
5. Offering sanctuary to retired horses as a practical demonstration of the demands of responsible horse ownership

The Committee of Management

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

Mr G Henderson ◊ ♦
Mrs L Al-Nakeeb ♦
Professor ARS Barr MRCVS *
Mr R Emerson ♦ - appointed 23rd April 2008
Mr A Kendall ♦♦
Mr J Ker ●◊ (Hon Treasurer)
Mr R Mann ●◊ - appointed 6th November 2008
Professor SA May FRCVS ◊ – appointed 23rd April 2008
Dr JA Mumford Hon Ass RCVS *♦ - retired 6th November 2008
Mrs L Poett
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

For the purposes of the Companies Act's 1985 and 2006 members of the Committee of Management are deemed to be directors and are appointed in accordance with the requirements of the Memorandum and Articles of Association.

Register of Members

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

The Horse Trust

Report of the Committee of Management for the year ended 31 December 2008 (Continued)

Statement of responsibilities of the Committee of Management

The members of the Committee of Management (who are also the directors for the purposes of Company Law) are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Committee of Management to prepare financial statements for each financial year. Under that law the Committee of Management have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable 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 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 charitable company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act's 1985 and 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

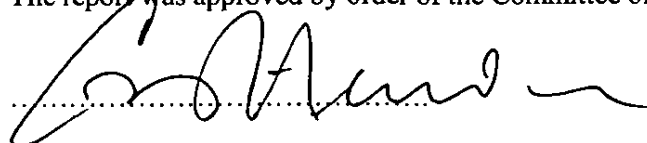
Auditor

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

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 26 February 2009



Mr G Henderson
Chairman

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 23.

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 the 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 2008 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

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk IP32 7FA

28 April 2009

The Horse Trust
Statement of Financial Activities incorporating Income and Expenditure Account
for the year ended 31 December 2008

	Note	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Donations and legacies	2	1,117,797	5,330	1,123,127	1,349,461
Activities for generating funds:					
Investment income	3	776,647	-	776,647	717,006
		<u>1,894,444</u>	<u>5,330</u>	<u>1,899,774</u>	<u>2,066,467</u>
Incoming resources from charitable activities:					
Sundry income:					
Rent receivable and sundry income	4	19,600	-	19,600	16,972
Total incoming resources		<u>1,914,044</u>	<u>5,330</u>	<u>1,919,374</u>	<u>2,083,439</u>
Resources expended					
Cost of generating funds:					
Cost of generating voluntary income	5	318,289	-	318,289	206,354
Investment management costs		101,405	-	101,405	83,279
		<u>419,694</u>	<u>-</u>	<u>419,694</u>	<u>289,633</u>
Charitable activities					
The Home of Rest for Horses	6	506,309	-	506,309	479,933
Research costs	7	1,149,557	-	1,149,557	1,045,138
Education in equine welfare	8	145,996	-	145,996	125,824
Total charitable activities		<u>1,801,862</u>	<u>-</u>	<u>1,801,862</u>	<u>1,650,895</u>
Governance costs	9	31,866	-	31,866	29,824
Total resources expended		<u>2,253,422</u>	<u>-</u>	<u>2,253,422</u>	<u>1,970,352</u>
Net (outgoing)/ incoming resources		<u>(339,378)</u>	<u>5,330</u>	<u>(334,048)</u>	<u>113,087</u>
Net realised investment (losses)/gains		<u>(59)</u>	<u>-</u>	<u>(59)</u>	<u>2,125,803</u>
Historical cost movement in resources		<u>(339,437)</u>	<u>5,330</u>	<u>(334,107)</u>	<u>2,238,890</u>
Net unrealised investment losses	15	<u>(3,631,829)</u>	<u>-</u>	<u>(3,631,829)</u>	<u>(1,588,969)</u>
Net movement in funds		<u>(3,971,266)</u>	<u>5,330</u>	<u>(3,965,936)</u>	<u>649,921</u>
Accumulated funds brought forward		<u>18,727,491</u>	<u>40,875</u>	<u>18,768,366</u>	<u>18,118,445</u>
Accumulated funds carried forward	19	<u>14,756,225</u>	<u>46,205</u>	<u>14,802,430</u>	<u>18,768,366</u>

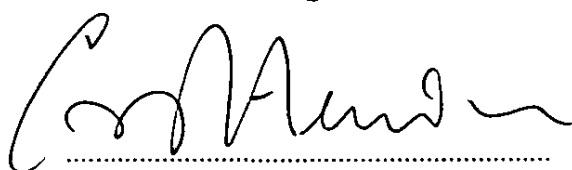
All recognised gains and losses are included within the above statement.
All amounts relate to continuing activities.

The notes on pages 11 to 23 form part of these financial statements.

The Horse Trust
Balance sheet at 31 December 2008

	Note	2008	2007
		£	£
Fixed assets			
Tangible assets	14	487,273	493,887
Investments	15	14,220,637	17,751,072
		<u>14,707,910</u>	<u>18,244,959</u>
Current assets			
Stocks	16	2,485	1,777
Debtors	17	31,279	21,056
Cash at bank and in hand		155,292	592,465
		<u>189,056</u>	<u>615,298</u>
Creditors: amounts falling due within one year	18	<u>94,536</u>	<u>91,891</u>
Net current assets		<u>94,520</u>	<u>523,407</u>
Net assets		<u><u>14,802,430</u></u>	<u><u>18,768,366</u></u>
Represented by			
<i>Unrestricted funds</i>	19		
General fund		1,435,682	1,213,943
<i>Designated funds</i>			
Charitable fixed assets		487,273	493,887
Future grants		1,532,307	2,086,812
Capital fund		11,300,963	14,932,849
		<u>14,756,225</u>	<u>18,727,491</u>
<i>Restricted funds</i>	20	<u>46,205</u>	<u>40,875</u>
Total accumulated funds	19	<u><u>14,802,430</u></u>	<u><u>18,768,366</u></u>

The financial statements on pages 9 to 23 were approved by the Committee of Management and authorised for issue on 26 February 2009 and are signed on its behalf by:



Mr G Henderson
Chairman



J Ker
Honorary Treasurer

The notes on pages 11 to 23 form part of these financial statements.

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008

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 United Kingdom accounting standards. They also comply with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) and the Companies Act's 1985 and 2006.

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, or 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 at the balance sheet date. The SOFA includes gains and losses arising on revaluations and disposals throughout the year.

Realised gains and losses represent the difference between the market value at the previous balance sheet date and the eventual sale proceeds. Unrealised gains and losses represent the difference between market value at the previous balance sheet date, or cost of any purchases during the year, and the market value at the balance sheet date.

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 a defined contribution pension scheme and a group personal pension plan. Contributions to the pension schemes are charged to the income and expenditure account as they fall due.

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (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. Donations are included in full in the statement of financial activities when receivable. Legacies are accounted for when received or if, before receipt, it becomes reasonably certain that the legacy will be received and the value of the incoming resources can be measured with sufficient reliability.

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 19.

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 10.

Taxation

The Home as a charity is not liable for assessment to tax on its charitable activities. 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 19.

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

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

2 Donations and legacies

	2008 £	2007 £
Donations for old favourites and cases	38,232	34,735
Subscriptions	130	30
Donations	114,609	89,208
Rescued Horses donations	84,476	
Echo Memorial Appeal	-	140
Legacies	885,680	1,225,348
	<u>1,123,127</u>	<u>1,349,461</u>

3 Investment income

	2008 £	2007 £
Income from investments - UK	650,534	569,644
Income from investments – non UK	60,106	52,632
Bank interest	66,007	94,730
	<u>776,647</u>	<u>717,006</u>

4 Rent receivable and sundry income

	2008 £	2007 £
Rent	12,159	16,310
Other	7,441	662
	<u>19,600</u>	<u>16,972</u>

5 Cost of generating voluntary income

	2008 £	2007 £
Advertising	202,107	111,625
Public relations	13,886	9,069
Promotional material	27,983	22,354
Website design	20,100	-
Annual general meeting	118	15,426
Annual reports	9,697	11,054
Support costs (see note 10)	44,398	36,826
	<u>318,289</u>	<u>206,354</u>

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

6 Home of Rest for Horses

	2008 £	2007 £
Forage	25,418	32,819
Fertiliser and sprays	6,905	6,259
Repairs and maintenance - machinery	8,415	10,114
- building	3,719	5,394
- estate	26,072	24,159
- accommodation	3,147	2,460
- farmhouse	4,729	1,138
Heat and light	16,429	17,763
Insurances	7,599	7,483
Council tax and water	7,430	10,982
Veterinary, farrier and stable requisites	36,709	39,321
Vehicle expenses	7,851	7,689
Depreciation	29,609	28,777
Loss on disposal of fixed assets	2,525	-
Support costs (see note 10)	319,752	285,575
	<u>506,309</u>	<u>479,933</u>

7 Research costs

	2008 £	2007 £
Scientific research	657,210	606,026
Clinical scholarship	342,132	337,078
Other	42,917	15,500
Support costs (see note 10)	107,298	86,534
	<u>1,149,557</u>	<u>1,045,138</u>

8 Education in Equine Welfare

	2008 £	2007 £
Education	20,458	33,740
Educational events	3,465	1,904
Educational working groups	2,726	1,490
Visitors Centre	1,113	8,580
Support costs (see note 10)	118,234	80,110
	<u>145,996</u>	<u>125,824</u>

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

9 Governance costs

	2008	2007
	£	£
Salaries and fees	15,237	14,251
Pension	1,254	1,216
Heat and light	62	18
Cleaning	141	144
Telephone	94	62
Audit and accountancy	9,000	9,000
Legal and professional fees	-	124
Committee members' expenses	5,597	4,183
Staff subsistence expenses	241	508
Staff training	240	318
	31,866	29,824

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

10 Support costs

	Cost of generati ng funds £	The Home £	Research costs £	Education in equine welfare £	Governance costs £	Total £	Basis of apportionment
Salaries and fees	33,294	259,949	72,207	82,928	15,237	463,615	As per staff time
Pension	2,589	12,470	4,875	3,610	1,254	24,798	As per staff time
Heat and light	211	3,577	497	621	62	4,968	As per staff numbers
Cleaning	481	8,142	1,131	1,414	141	11,309	As per staff numbers
Telephone	320	5,425	753	942	94	7,534	As per staff numbers
Sundries	-	1,108	1,108	1,108	-	3,324	Equal split
Depreciation of office equipment	-	2,256	2,255	2,255	-	6,766	Equal split
							Audit - governance/ Accountancy - equal split
Audit and accountancy	-	2,796	2,796	2,796	9,000	17,388	Equal split
Legal and professional fees	-	11,613	11,613	11,613	-	34,839	Equal split
Travel and committee members' expenses	465	2,096	1,610	2,904	5,597	12,672	As per individual costs
Staff subsistence expenses	285	716	611	472	241	2,325	As per individual costs
Printing, postage and stationery	6,571	6,571	6,571	6,571	-	26,284	Equal split
Staff training	182	3,016	1,254	983	240	5,675	As per individual costs
Bank charges and interest	-	17	17	17	-	51	Equal split
	<u>44,398</u>	<u>319,752</u>	<u>107,298</u>	<u>118,234</u>	<u>31,866</u>	<u>621,548</u>	

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.

11 Net incoming resources

	2008 £	2007 £
This is arrived at after charging or (crediting):		
Rent receivable under operating leases – land and buildings	(12,159)	(16,310)
Depreciation – owned fixed assets	36,375	33,877
Loss on disposal – owned fixed assets	2,525	-
Auditors' remuneration - audit services	7,560	7,200
- non audit services	9,829	9,099
	<u></u>	<u></u>

The Horse Trust**Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)****12 Employees***(a) Number of employees*

During the year the average monthly number of full time equivalent staff employed by the Trust was as follows:-

	2008 Number	2007 Number
Farm and stables	13	12
Home support staff	7	7
	<u>20</u>	<u>19</u>

(b) Employment costs

	2008 £	2007 £
Wages and salaries	423,359	355,914
Social security costs	40,256	33,540
Pension costs	24,798	26,268
	<u>488,413</u>	<u>415,722</u>

All staff are employed by the charity.

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

There was one employee (2007 – one) who earned between £60,000 - £70,000.

No remuneration was paid to the trustees during the year.

13 Taxation

The company is a registered charity and is not considered liable to taxation on its charitable activities. Income tax deducted at source from income is recoverable, where possible, from HM Customs & Excise.

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

14 Tangible fixed assets

(a) Summary

	Freehold land, property and improvements	Loose boxes and other plant and equipment	Furniture, fixtures and fittings	Motor vehicles and horse ambulance	Total
	£	£	£	£	£
<i>Cost</i>					
1 January 2008	511,960	90,442	53,260	33,930	689,592
Additions	4,430	3,164	8,646	20,045	36,285
Disposals	-	-	-	(16,311)	(16,311)
31 December 2008	516,390	93,606	61,906	37,664	709,566
<i>Depreciation</i>					
1 January 2008	108,342	38,304	32,224	16,835	195,705
Charge for the year	16,546	5,530	6,766	7,533	36,375
Disposals	-	-	-	(9,787)	(9,787)
31 December 2008	124,888	43,834	38,990	14,581	222,293
<i>Net book value – owned assets</i>					
31 December 2008	391,502	49,772	22,916	23,083	487,273
31 December 2007	403,618	52,138	21,036	17,095	493,887

(b) Analysis of freehold property

Included within freehold property and improvements is land of £127,430, (2007: £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 immaterial element of furniture, fixtures and fittings which is used for administration purposes.

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

15 Investments

<i>(a) Summary</i>	2008 £	2007 £
<i>Cost</i>		
1 January 2008	17,291,903	14,243,282
Additions at cost	650,000	23,581,772
Disposals at sales price	(718,595)	(20,533,151)
31 December 2008	17,223,308	17,291,903
<i>Unrealised gain</i>		
1 January 2008	153,225	1,742,194
Movement in year	(3,631,829)	(1,588,969)
31 December 2008	(3,478,604)	153,225
<i>Market value of quoted investments</i>		
31 December 2008	13,744,704	17,445,128
<i>Other investment monies</i>		
Stockbroker open accounts		
Capital account	404,808	120,120
Income account	71,125	185,824
31 December 2008	475,933	305,944
Total investments	14,220,637	17,751,072

(b) Analysis of investments

Quoted investments at market value are comprised of:-

	2008 £	2007 £
UK equities	5,280,110	7,054,474
Non UK equities	1,954,268	2,550,316
UK fixed interest securities	2,438,479	2,960,532
Non UK fixed interest securities	291,176	81,281
Other UK investments held	3,270,915	4,728,027
Other Non UK investments held	509,756	70,498
	13,744,704	17,445,128

The Horse Trust
Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

15 Investments (Continued)

(c) Significant investments

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

Holding	2008		2007	
	Market value £	Proportion %	Market value £	Proportion %
Equity income trust for charities	2,164,557	15.2	3,036,856	17.1
INV FD MT ABS RET TST for charities	2,001,714	14.1	1,602,501	9.0
Multi strategy property trust	882,327	6.2	1,203,242	6.8
Growth trust for charities	870,814	6.1	1,010,990	5.7
Income trust for charities	745,560	5.2	-	-

16 Stocks

	2008 £	2007 £
Forage	2,485	1,777

17 Debtors

	2008 £	2007 £
Income tax recoverable	15,913	15,021
Other debtors and prepayments	15,366	6,035
	<u>31,279</u>	<u>21,056</u>

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

18 Creditors: amounts falling due within one year

	2008 £	2007 £
Other creditors	59,584	25,491
Deferred income	167	-
Other taxes and social security costs	11,385	-
Accruals	23,400	66,400
	<u>94,536</u>	<u>91,891</u>

The Horse Trust
Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

19 Accumulated funds

	Balance at 1 Jan 2008 £	Incoming resources £	Resources expended £	Investment losses £	Transfers £	Balance at 31 Dec 2008 £
<i>Unrestricted funds</i>						
General fund	1,213,943	1,914,044	(1,065,968)	-	(626,335)	1,435,684
<i>Designated funds:</i>						
Charitable fixed assets	493,887	-	(38,900)	-	32,286	487,273
Future grants	2,086,812	-	(1,148,554)	-	594,049	1,532,307
Capital fund	14,932,849	-	-	(3,631,888)	-	11,300,961
	18,727,491	1,914,044	(2,253,422)	(3,631,888)	-	14,756,225
<i>Restricted fund</i>	40,875	5,330	-	-	-	46,205
Total accumulated funds	18,768,366	1,919,374	(2,253,422)	(3,631,888)	-	14,802,430

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 £14m. The current balance is below that level due to the significant fall in investment values during the year.

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

Year	£
2009	874,721
2010	522,630
2011	134,956
	<u>1,532,307</u>

The Restricted fund represents the balance of donations due to be applied for specific purposes determined by the donors, see note 20.

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

20 Restricted funds

	2007 £
Echo Memorial Fund	
Balance brought forward	7,425
2008 donations	-
Balance carried forward	<u>7,425</u>
Equine Welfare Guidelines compendium	
Balance brought forward	33,450
2008 donations	5,330
Balance carried forward	<u>38,780</u>
Restricted fund total	<u><u>46,205</u></u>

The Echo Memorial Fund relates to funds held to support scientific projects relating to colic.

The Equine Welfare Guidelines Compendium relates to funds held to be used for future grants to the National Equine Welfare Council as a grant towards the costs of the compendium.

21 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	Total £
<i>Unrestricted funds</i>				
General fund	-	1,341,164	94,520	1,435,684
Designated funds:				
Charitable fixed assets	487,273	-	-	487,273
Future grants	-	1,532,307	-	1,532,307
Capital fund	-	11,300,961	-	11,300,961
	<u>487,273</u>	<u>14,174,432</u>	<u>94,520</u>	<u>14,756,275</u>
<i>Restricted funds</i>	-	46,205	-	46,205
	<u>487,273</u>	<u>14,220,637</u>	<u>94,520</u>	<u>14,802,430</u>

22 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.

23 Committee of Management interests in transactions

During the year 12 (2007: 12) members of the Committee of Management received £3,609 (2007: £3,055), in respect of meeting and travel expenses.

24 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 £24,797 (2007: £26,268) represents contributions payable to the funds and £Nil (2007: £Nil) were in arrears at the year end.

The Horse Trust

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

25 Material Legacies

Legacy income is only included in incoming resources where receipt is reasonably certain and the amount is known with certainty, or the legacy has been received. As at 31 December 2008 the charity had been notified of two legacies with a total estimated value of £545,000 which have not been accrued as the conditions for recognition had not been met.

As at 31 December 2008 the Charity had also been notified of a number of legacies that are subject of life tenancies. These legacies have been not accrued for in the financial statements as the conditions for recognition had not been met. These legacies cannot be measured reliably however the best estimate of the value of these legacies is approximately £375,000.