

Roc

Registered number: 02266267

Charity number: 700405

**NORTHERN RACING COLLEGE**

**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2017**

FRIDAY



\*A6LST8ZC\*

A47

22/12/2017

#144

COMPANIES HOUSE

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**CONTENTS**

---

	<b>Page</b>
Reference and administrative details of the charity, its trustees and advisers	<b>1 - 2</b>
Operating and financial review	<b>3</b>
Trustees' report	<b>4 - 12</b>
Independent auditor's report	<b>13 - 15</b>
Consolidated statement of financial activities	<b>16</b>
Consolidated balance sheet	<b>17</b>
Company balance sheet	<b>18 - 19</b>
Consolidated statement of cash flows	<b>20</b>
Notes to the financial statements	<b>21 - 46</b>

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**Trustees**

Mr Trevor Beaumont, Chairman (resigned 8 March 2017)  
Mr Gerard Sutcliffe, Chairman (appointed 9 March 2017)  
Mr Howard Wright, Deputy Chairman  
Mr Richard McIlroy (resigned 8 March 2017)  
Mr Timothy Adams MBE  
Ms Sarah Easterby (resigned 8 March 2017)  
Mr Jeffrey Ennis  
Mr James Hetherton  
Mr Timothy Lyle  
Mr Christopher Mallinson  
The Honourable Oliver Greenall  
Ms Susannah Cordelia Gill  
Mr Christopher Bell (resigned 8 March 2017)

**Company registered number**

02266267

**Charity registered number**

700405

**Registered office**

The Stables, Rossington Hall, Great North Road, Doncaster, South Yorkshire, DN11 0HN

**Chief executive officer**

Mr Stephen Padgett OBE

**Patron**

Countess of Halifax

**Vice presidents**

Mr Colin Wedd  
Mr Martin Crawshaw  
Mr Sandy Struthers  
Sir Robert Ogden CBE LLD  
Monsieur Didier Garnier  
Mr Roy Thwaites  
Mr Gordon Gallimore  
The Rt Hon Richard Caborn  
Ms Julie Krone

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 JULY 2017**

---

***Advisers (continued)***

**Independent auditor**

BHP LLP, 2 Rutland Park, Sheffield, S10 2PD

**Bankers**













Yorkshire Bank, 19 St Sepulchre Gate, Doncaster, DN1 1TD

**Solicitors**

Taylor and Emmett, 28 Arundel Gate, Sheffield, S1 2PP

**Pension Administrators**

South Yorkshire Pensions Authority, P O Box 37, Regent Street , Barnsley, S70 2PQ

 <p>NRC is a 24/7 College that is even open at Christmas!</p>	 <p>Ofsted rated good with outstanding elements</p>	 <p>500 training outcomes &amp; 15,400+ training days a year</p>
 <p>81 additional apprenticeships into horseracing last year</p>	 <p>£982,422 of social value was generated last year</p>	 <p>NRC promotes social mobility, equality &amp; diversity</p>
 <p>Targeted achievement rates at 80% &amp; retention rates at 90%</p>	 <p>NRC provides a second career for former racehorses</p>	 <p>Cost to industry £61 per person training day</p>
 <p>Last year 88% learners said NRC improved their confidence</p>	 <p>NRC provides citizenship, life skills and wellbeing training</p>	 <p>NRC supports learners and employers across England, Scotland, Wales and Ireland</p>

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

The Trustees present their annual report together with the audited financial statements of Northern Racing College for the year 1 August 2016 to 31 July 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the company and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

***Objectives and Activities***

**a. Policies and objectives**

The objects of the charity are to advance education, particularly among young persons, and to relieve the need of unemployed persons by the provision of vocational and academic training connected with the horse racing, equestrian, agricultural, horticultural and their allied areas.

**b. Strategies for achieving objectives**

- Provide accessible and inclusive training opportunities for people wanting to work in the horse racing industry.
- Ensure training is realistic and relevant but delivered progressively to develop learners to be ready for work.
- Provide a supportive, encouraging environment around that training enabling as many learners as possible to achieve their goals.
- Engage widely and collaboratively with employers across the industry to maximise learners' chances of gaining and keeping paid employment.
- Promote constructive behaviours and positive attitudes in all that we do.
- Make the very best of resources available to optimise the College's contribution.

**c. Activities for achieving objectives**

- Recruit widely and remove as many barriers as possible that could deter potential learners.
- Provide bursaries and other practical support to ensure those with limited resources can access training opportunities.
- Provide intensive residential Foundation Courses covering a comprehensive syllabus that prepares them for the jobs that are available.
- Deliver life skills training to increase learners' resilience, confidence and independence.
- Match learners with the most appropriate employment opportunities to optimise their chances of satisfaction and success.
- Provide ongoing support in the workplace to enable further learner development (apprenticeships) and aid worker retention.

## NORTHERN RACING COLLEGE

(A company limited by guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

---

#### **d. Main activities undertaken to further the charity's purposes for the public benefit**

The Northern Racing College (NRC) is the only specialist training provider to the horse racing industry in the north of England and one of only two in the United Kingdom. The College offers a variety of training courses designed to meet industry needs. This year, across all of its training activities, the NRC's contribution to racing amounts to training for over 500 individuals. It has a reputation for delivering high quality staff, many of whom go on to have long careers in a wide variety of roles in racing.

#### ***Achievements and performance***

##### **a. Review of activities**

**Safeguarding** and duty of care to all our learners remained a priority. External and internal assessments validate our belief that, while it would never be appropriate to be complacent, the NRC's arrangements are realistic and effective. At policy level, the NRC has played an important role, working with the BHA and other key organisations, to develop Safeguarding Guidance for the industry as a whole. At the tactical level, staff work closely with other organisations such as Racing Welfare to ensure learners get the best possible support should it be required.

Trustees have studied, embraced wholeheartedly and undertake to continue to apply the principles set out in the new **Charity Governance Code**. The Board Chairman resigned at the end of his tenure after having extended in post for a short period to allow time for a replacement to be found. In April the Charity was pleased to welcome Gerry Sutcliffe, former MP and Sports Minister, as its new Chairman. In addition, two Trustees resigned during the year to focus their energies on developments in their own businesses. It is anticipated that vacancies will be filled during the first half of the next reporting period.

The **Foundation Course** graduated 110 learners of all ages this year, 96% of these achieved a Level 1 Diploma in Racehorse Care and all went out to start work, the majority in the industry and a few in other equine industries. Recruits to this intense, arduous course include established riders and those who have never ridden, school leavers, college leavers, NEETs and more mature people looking for a career change. With such a variation in learners' abilities and ambitions, the NRC's focus remains firmly on helping each individual achieve the most positive outcome. Retention rates at a truly commendable 84% suggest the approach works. Other learners returned to NRC for a few days or several weeks to receive tuition, to refresh their riding skills and to obtain guidance to enable their re-entry to the racing industry. Several 16-18 year olds with experience of thoroughbreds and in racing yards were assessed by the College to gain exemption from attending the residential Level 1 Foundation Course.

Uptake of available vacancies on **Specialist Courses** was somewhat disappointing except for the Jockey Courses. As all such training provision generates revenue for the College, plans are in motion to maximise this working with the BHA and other stakeholders.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

Every provider in England wishing to deliver **Work Based Learning (WBL) and Apprenticeships** was required to re-tender for a place on the new Register of Apprenticeship Training Providers (RoATP). That the NRC was accepted at first showing was a significant achievement, many good organisations were not. That enabled us to apply for a new contract, without which Government money could not be accessed. Our qualification success rates for Level 2 and Level 3 Apprentices were 9% above national averages at 80%, with those who complete their training in a timely manner being 16% ahead of other courses nationally at an outstanding 76%. These activities continue to operate efficiently to produce results well above both minimum standards and national averages:

- 14% higher than minimum apprenticeship standards.
- 5.9% higher than national average for Intermediate Apprenticeship (Level 2).
- 4.9% higher than national average for Advanced Apprenticeship (Level 3).
- 17% growth in the number of Intermediate Apprenticeships achieved against 2016.
- 11% growth in the number of Advanced Apprenticeships achieved against 2016.
- 100% achieved grade 1 in assessment and reviews carried out in the workplace.

Reduced availability of **Apprenticeships Funding** during the period impacted WBL income but the New Standards, anticipated to commence in April 2018, should be accompanied by a return to 2016 funding rates. However, introduction of the New Standards will require modifications to working practices. Staff training has commenced in preparation for the move to the new standards and discussions around end point assessment arrangements are well underway. Relationships with employers have been tested by the introduction of co-funding arrangements but dialogue at the right levels has convinced all employers affected to date to agree to engage with the new process. The potential trebling of the employer contribution associated with the New Standards will further test relationships and a negative impact on 19+ Apprenticeships is anticipated due to the lack of employer incentive for this age band.

The **Regional Training** pilot continued to provide a successful opening for work based training. The initiative delivered training to 238 people in yards across the country and has exceeded expectations in many ways. Not only has it improved industry links and work based learner progression but it has improved employer engagement also. It is hoped that the success of the pilot will lead to a small amount of continued funding each year, to enable the NRC to not only assist in the recruitment and retention in the industry but be the centre of excellence for training skilled staff from a work based perspective. The programme's contributed to the NRC's success in its bid to The Racing Foundation for support in its acquisition of its own mobile training unit.

Achievement rates in **Functional Skills** (literacy and numeracy) have improved significantly over the last 12 months as the delivery team has refined and developed how it does what it does to ensure learners make the most of their potential. Nearly all learners achieve Level one at least and many gain Level two which means they have what they need for their Apprenticeships. The new GCSE grading structure has been embraced. A welcome change in the rules affecting quite a few of our learners is that both Scottish and Welsh qualifications now can be applied as proxies for Apprenticeship frameworks.

The **Life Skills** evening programme continues to focus on building emotional intelligence and independent skills such as work ethic, resilience, self-confidence, esteem and raising aspirations to enable young people to function in the real world as contributing members of society. Content is reviewed regularly to ensure it is fit for purpose, for example an anti-gambling session has been introduced this year.

As part of our rigorous quality control, a **Self-Assessment Report (SAR)** process is undertaken annually with input from staff, learners and employers. Its conclusions inform our Business Improvement Plan (BIP) and also help us to gauge our own progress between formal Ofsted inspections.



**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**Quality Assurance** is achieved through a schedule of graded observations of the key learning processes. Those undertaken this year showed an average whole grade improvement for both reviews and assessment compared with last year. This is backed up by independent external quality assurance (EQA) visits throughout the year that all have resulted in very good reports.

**Matrix** is a national standard relating to advice and guidance provided to learners on the options open to them. The College achieving a positive report once again from this year's re-assessment which helps to provide credibility to our education offer and influences recruiting.

A range of activities on the **Infrastructure and Equipment** front has seen works, improvements and modest acquisitions, all of which were included in the NRC Business Plan that solicited industry support for this year. These included:

- Overhead flood lighting of our largest indoor arena was replaced in its entirety. The project was delivered around 40% under budget without compromising on quality due in part to the diligence of maintenance staff and also to the good will of the contracted supplier. Apart from the greater effectiveness of the replacement lights, works included additional LEDs that improve the facility still further. This is the largest single manifestation of the LED conversion programme being pursued around the campus to save energy, benefit the environment and reduce costs while enhancing what is available for our core activities and make the offer to outside bodies hiring facilities even more attractive.
- Brand new Conference Centre sewage and waste water handling system installed.
- The Residential Accommodation's boot room, a key facility that is so much a part of daily life for learners, enjoyed a comprehensive refurb involving replacement of all lockers, hanging rails and flooring. It is now better to use, to clean and maintain and much easier on the eye. This work came in slightly under budget.
- A new tractor, smaller and much more manoeuvrable than other equipment, will improve preparation of indoor arena surfaces arrived in the summer. It includes a grass cutting deck that will obviate the need for contracted services in several areas. The second of three large muck trailers also was completely refurbished to ensure many years of sound good service in future.
- Resources continued to be invested in maintenance and enhancement of the all-weather gallop surface including the purchase of surface preparation equipment.

The knock on effects on **Recruiting** of raising the education participation age from 16 to 18 in 2015 has been exacerbated by the consequences of lower birth rates in 1999 and 2000 to create a challenging recruiting environment. However, as this year marks the end of the two-year squeeze on school outputs, we look forward to seeing a rise in applications during the next academic year from those leaving school at 18 this July. Recruiting activities across the whole range, from attendance at over 60 careers and marketing events to social media, radio and magazines have been pursued with vigour. Schemes to support recruiting have included 'Recommend a Friend' and financial incentive applied to the final intake of the academic year.

While there always are **Marketing** opportunities to influence in-year enrolment, most of our effort goes into sowing seeds that may draw Foundation Course learners in future. The Mobile Training Facility (a Racewood motorised simulator in a horse box) that was, for this reporting year, shared with the BRS has been deployed to great effect to aid recruiting. NRC recruiting staff continue also to undertake valuable training that will allow us to develop ever more effective marketing activities.

Two **Recruiting** initiatives that may increase application rates still further have been set up this year and we look to see results early in the next financial year. These are the establishment of the Doncaster Equine College Programme (DEC) at the NRC and an arrangement to work with an organisation that has significantly better access to schools to highlight career opportunities than normally would be available. These will be reported on next year.

## NORTHERN RACING COLLEGE

(A company limited by guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

---

**Pony Racing** is growing in popularity every year. Twenty one new students attended Level 1 pony racing training days and rallies and two successful Pony Club pony racing rallies were held at the NRC. In addition, the two pony racing academy weeks were well attended. These continue to feed the NRC's 14 to 16 programme (day release from local schools) and, as we have seen over the last two years, lead on to the Foundation Course and Cat A courses.

#### b. Commercial activities

The NRC continued to be contracted by **Doncaster College** to facilitate its animal husbandry programmes during 2016-17 but came to an end in July 2017. The animals provided to enable teaching and learning, from snakes and rabbits to goats and pigs, were owned by the NRC but all were re-homed successfully. Options for optimal future use of the yard, classroom and other facilities provided previously to Doncaster College are under consideration.

The land occupied by the College on an **Agricultural Tenancy** that surrounds its straight gallop is used very successfully to produce animal fodder and delivered beyond expectations this summer. It is highly likely that the College will not need to procure hay/haylage at all during the coming winter but a clear and meaningful profit has been achieved despite expensive but necessary soil preparation this year. This should mean the profit margin in the next four years of our fodder production plan will be even higher than this time around.

Negotiations continue around a proposal by a consortium to develop that land for housing and a major **golf facility**. The proposals do not accommodate the College's equine activity needs nor provide alternative sources for fodder production. The formal objection lodged with the local authority still stands and has been supported by several racing entities such as the BHA and the NTF. There is support for the College's position also from local MPs and the leadership of the Borough Council.

#### c. Fundraising activities

The most significant grant to the NRC this year was **The Racing Foundation** revenue support payment referred to previously. That payment of £440k was made on the basis that it would be for one year only and allow the industry, led by the BHA, to develop its strategic funding plan to sustain its people training and development activities for the long term.

Other fund raising activities included the seventh annual **Leger Legends** event that raised a further £110k taking the total funds raised for the Injured Jockeys Fund and the NRC to around £860k. The event is now recognised as an important part of the St Leger Festival and remains the only charity race run under the rules of racing. In addition, Pontefract racecourse continued its support that brings in around £25k annually by allowing another successful fundraising race day.

The third and final year of the **Rank Foundation** grant was received in the financial year which allowed further mentoring, coaching and welfare support of the Roving Assessors pastoral care work on the Work based learning placements.

Additional grants from **The Racing Foundation** provided the opportunity to identify and hire a member of staff to lead on fundraising and commercial revenue generation as well as to purchase a mobile training facility consisting of a powered mechanical race horse simulator in a horse box with associated audio-visual and IT support that will be utilised with the Regional Training initiative, to support recruiting activities and to be available for hire by individual training yards on repayment.

## **NORTHERN RACING COLLEGE**

**(A company limited by guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017**

---

#### ***Financial review***

##### **a. Going concern**

Based on the reasons included in the future development paragraph of the trustees' report, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

##### **b. Financial performance and position**

Last year's Report explained that the NRC's future was looking much brighter. This year's explains and shows that optimism was not misplaced and continues to be the mood as we look to the future.

The British Horseracing Authority (BHA) sustained its funding to the College in line with the Letter of Agreement (contract) under which the NRC delivers training. A number of additional activities were requested by the industry, agreed, delivered and funded. Augmenting those sources of revenue from the industry's governing body, new funding was provided by The Racing Foundation in direct support to the College's mission and in line with its comprehensive business plan. Notably also, revitalised commercial activities generated more revenue than ever before while sensible savings, reductions in wastage and investments in staff, infrastructure and processes all combined to make the operation lean and efficient. The effect was not only to ameliorate the impact of changes in revenue available for education and training from the public purse but also to enhance the NRC's performance and ensure its credibility and consequent attractiveness for sustained industry investment. Legislation passed in April 2017, ensuring more bookmaker activity will pay its share through the National Levy, will provide the funds to turn such investment aspirations into reality during the 2017-18 financial year.

As has been noted in previous years, Trustees are very conscious that the NRC has been heavily reliant on Government funding for many years as it has been a significant portion of its total income. The arrangements during this reporting year and those anticipated in future would represent a significant reversal of the situation. While it always will be incumbent on the College to maximise all and every legal opportunity to draw down Government money, the fact that racing is stepping up to pay more realistically for what it gets from its Training Providers can only be a good thing for long term resilience of supply.

The College's income for this period was £2,167k, the total expenditure for the year was £2,081k. The Charity has funds to carry forward at the end of the period of £1,116k, as compared to £884k last year.

##### **c. Reserves policy**

The Trustees have established a policy whereby the unrestricted funds not committed or invested in the tangible fixed assets (the free reserves) the charity holds should be between £170k and £340k or one and two months of the resources expended. The College has been unable to comply with that policy for some years. However, this year's surplus includes £14.5k in unrestricted funds that allows the NRC at least to begin to work towards adherence which continues to be its aspiration.

***Structure, governance and management***

**a. Constitution**

The company and the group is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 19 February 1988 and is a registered charity number 700405.

**b. Method of appointment or election of Trustees**

The management of the company and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**c. Policies adopted for the induction and training of Trustees**

New Trustees are provided with a comprehensive induction, led by the Chief Executive and involving other staff, to ensure they are provided with a comprehensive view of what the NRC does and how it does it.

All Trustees are informed of trustee training opportunities organised by external bodies and encouraged to attend ones that will be valuable to them.

Informal visits by Trustees are encouraged at any time to allow them to get to know it well.

**d. Pay policy for senior staff**

The College policy is to pay employees at rates consistent with the wider Industry market where possible. After many years of staff pay being frozen, a review of remuneration in late 2016 recommended a modest salary increase of 3%. Trustees took the view that the organisation is so reliant on its greatest strength, its small team of dedicated staff, that the recommendation should be implemented in full with effect from 1 Jan 2017.

The College's senior leadership team comprises the Chief Executive; Operations Director; Support Services Manager; Work Based Learning Manager; Foundation Course Manager. The total cost (salary + NI + pension) of the team to the College in the accounting year was just under £260k, slightly less than in the previous year.

**e. Organisational structure and decision making**

The Board meets quarterly. Its business always includes a comprehensive update from the Chief Executive. Business decisions that have strategic significance are made at Board level.

There is a single standing sub-committee, the Finance Committee which is chaired by a Trustee who is a very experienced accountant and business person. Attendees include the Board Chairman, the Chief Executive, the Finance Director, the Operations Director and the Support Services Manager. All major financial decisions are recommended to the Main Board where decision making occurs.

Task and Finish Groups are established for specific purposes e.g. Nominations Committee to identify a new Chairman or a selection panel to select a new Chief Executive.

All Trustees, including the Chair, have fixed terms of office.

**f. Risk management**

The College's assessment and mitigation of risk includes very careful attention to all aspects of safeguarding. Every member of staff, whether employed or volunteer, full or part time, undergoes thorough DBS checks, ongoing safeguarding training is mandatory and systems are in place to reduce to the lowest possible level the scope for problems. The confidential alert and helpline, utilising a sophisticated but totally accessible SMS platform, that was introduced last year is available to all learners at College or in their places of work around the industry.

***Plans for future periods***

**a. Future developments**

The College has been successful in negotiating improved funding from the racing industry and comprehensive deliberations, led by the BHA but involving all stakeholders, have taken place to determine of how resources that become available from the New Levy will support people training and development in future. While the discussions mostly are complete, the resourcing agreements are not yet delivered. However, the industry's wholehearted commitment, expressed in significant additional resource terms that back up its verbal assertions, indicate almost beyond doubt that NRC's significant and essential contribution to the racing industry in the long term is recognised and will be enabled.

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**Trustees' responsibilities statement**

The Trustees (who are also directors of Northern Racing College for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**

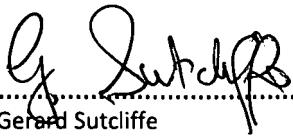
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

**Auditor**

The auditor, BHP LLP, has indicated its willingness to continue in office. The Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report was approved by the Trustees, on 19/12/17 and signed on their behalf by:

  
.....  
Mr Gerald Sutcliffe  
Trustee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN RACING COLLEGE**

---

**Opinion**

We have audited the financial statements of Northern Racing College (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2017 set out on pages 16 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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, and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

**Basis of opinion**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN RACING COLLEGE**

---

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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

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



**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN RACING COLLEGE**

---

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

**BHP**

Jane Marshall (Senior statutory auditor)  
for and on behalf of

**BHP LLP**

Chartered Accountants

Statutory Auditor

2 Rutland Park

Sheffield

S10 2PD

Date: **20 December 2017**

BHP LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 JULY 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>					
Donations and legacies	2	72,294	-	72,294	90,049
Charitable activities	3	1,642,363	200,713	1,843,076	1,521,759
Other trading activities	4	252,098	-	252,098	218,186
<b>Total income</b>		<b>1,966,755</b>	<b>200,713</b>	<b>2,167,468</b>	<b>1,829,994</b>
<b>Expenditure on:</b>					
Raising funds:					
Voluntary income	5	11,589	-	11,589	12,640
Fundraising trading	4	111,073	-	111,073	120,162
Charitable activities	8	1,772,530	152,854	1,925,384	1,754,287
Other expenditure	7	33,165	-	33,165	39,230
<b>Total expenditure</b>	9	<b>1,928,357</b>	<b>152,854</b>	<b>2,081,211</b>	<b>1,926,319</b>
<b>Net income / (expenditure) before transfers</b>		<b>38,398</b>	<b>47,859</b>	<b>86,257</b>	<b>(96,325)</b>
Transfers between funds	19	(23,836)	23,836	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>14,562</b>	<b>71,695</b>	<b>86,257</b>	<b>(96,325)</b>
Actuarial gains/(losses) on defined benefit pension schemes	23	146,000	-	146,000	(388,000)
<b>Net movement in funds</b>		<b>160,562</b>	<b>71,695</b>	<b>232,257</b>	<b>(484,325)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		775,282	108,687	883,969	1,368,294
<b>Total funds carried forward</b>		<b>935,844</b>	<b>180,382</b>	<b>1,116,226</b>	<b>883,969</b>

**NORTHERN RACING COLLEGE**

(A company limited by guarantee)

REGISTERED NUMBER: 02266267

**CONSOLIDATED BALANCE SHEET**

AS AT 31 JULY 2017

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	13		2,945,861		2,938,646
<b>Current assets</b>					
Stocks	15	27,840		16,007	
Debtors	16	152,264		46,877	
Cash at bank and in hand		137,608		108,396	
		<u>317,712</u>		<u>171,280</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(405,020)</u>		<u>(468,561)</u>	
<b>Net current liabilities</b>			<u>(87,308)</u>		<u>(297,281)</u>
<b>Total assets less current liabilities</b>			<u>2,858,553</u>		<u>2,641,365</u>
<b>Creditors: amounts falling due after more than one year</b>	18		<u>(618,327)</u>		<u>(507,396)</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>2,240,226</u>		<u>2,133,969</u>
Defined benefit pension scheme liability	23		<u>(1,124,000)</u>		<u>(1,250,000)</u>
<b>Net assets including pension scheme liabilities</b>	19		<u>1,116,226</u>		<u>883,969</u>
<b>Charity Funds</b>					
Restricted funds	19		180,382		108,687
Unrestricted funds:	19				
Unrestricted funds excluding pension liability		2,059,844		2,025,282	
Pension reserve		<u>(1,124,000)</u>		<u>(1,250,000)</u>	
Total unrestricted funds	19		<u>935,844</u>		<u>775,282</u>
<b>Total funds</b>	19		<u>1,116,226</u>		<u>883,969</u>

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

The financial statements were approved and authorised for issue by the Trustees on 19/12/17 and signed on their behalf, by

.....  
Mr Gerard Sutcliffe

The notes on pages 21 to 46 form part of these financial statements.

**NORTHERN RACING COLLEGE**

(A company limited by guarantee)

REGISTERED NUMBER: 02266267

**COMPANY BALANCE SHEET**

**AS AT 31 JULY 2017**

			2017		2016
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		2,885,519		2,872,338
Investments	14		2		2
			<u>2,885,521</u>		<u>2,872,340</u>
<b>Current assets</b>					
Stocks	15	17,210		7,577	
Debtors	16	218,441		76,348	
Cash at bank		92,710		91,506	
		<u>328,361</u>		<u>175,431</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(389,570)</u>		<u>(443,686)</u>	
<b>Net current liabilities</b>			<u>(61,209)</u>		<u>(268,255)</u>
<b>Total assets less current liabilities</b>			<u>2,824,312</u>		<u>2,604,085</u>
<b>Creditors: amounts falling due after more than one year</b>	18		<u>(618,327)</u>		<u>(504,357)</u>
<b>Net assets excluding pension scheme liabilities</b>			<u>2,205,985</u>		<u>2,099,728</u>
Defined benefit pension scheme liability	23		<u>(1,124,000)</u>		<u>(1,250,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>1,081,985</u></u>		<u><u>849,728</u></u>
<b>Charity Funds</b>					
Restricted funds	19		180,382		108,687
Unrestricted funds:	19				
Unrestricted funds excluding pension liability		2,025,603		1,991,041	
Pension reserve		<u>(1,124,000)</u>		<u>(1,250,000)</u>	
Total unrestricted funds			<u>901,603</u>		<u>741,041</u>
<b>Total funds</b>			<u><u>1,081,985</u></u>		<u><u>849,728</u></u>

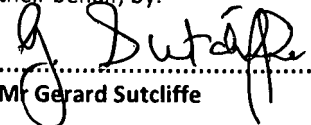
The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**COMPANY BALANCE SHEET (continued)**  
**AS AT 31 JULY 2017**

---

The financial statements were approved and authorised for issue by the Trustees on **19/12/17** and signed on their behalf, by:

  
.....  
Mr Gerard Sutcliffe

The notes on pages 21 to 46 form part of these financial statements.

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>93,359</u>	<u>101,963</u>
<b>Cash flows from investing activities:</b>			
Proceeds from the sale of tangible fixed assets		-	667
Purchase of tangible fixed assets		<u>(91,329)</u>	<u>(42,268)</u>
<b>Net cash used in investing activities</b>		<u>(91,329)</u>	<u>(41,601)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(72,078)	(56,637)
Cash inflows from new borrowing		165,065	-
Interest paid		<u>(33,165)</u>	<u>(39,659)</u>
<b>Net cash provided by/(used in) financing activities</b>		<u>59,822</u>	<u>(96,296)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>61,852</b>	<b>(35,934)</b>
Cash and cash equivalents brought forward		<u>75,756</u>	<u>111,690</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>137,608</u></u>	<u><u>75,756</u></u>

The notes on pages 21 to 46 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Northern Racing College meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest £1.

**1.2 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.3 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**1. Accounting Policies (continued)**

**1.4 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £200 are capitalised and included at purchase cost plus any incidental expenses of acquisition.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**1. Accounting Policies (continued)**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Visitor centre	-	Variable between 1% - 20% on a reducing balance basis
Building refurbishment	-	Over the term of the lease
Leasehold property	-	Over the term of the lease
Stable block	-	1% reducing balance
Indoor riding school	-	1% reducing balance
Plant, office equipment and furnishings	-	10% reducing balance
Gallop, manege and fencing	-	5% on cost
Motor vehicles	-	20% on cost
Computer equipment	-	20 - 33% on cost

**1.7 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.9 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**1.10 Taxation**

As a charity, Northern Racing College is exempt from tax on income and gains falling within the available tax exemptions to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

**1.11 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

**1.12 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**1. Accounting Policies (continued)**

**1.13 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.14 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**1.15 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 July 2017.

**1.16 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2. Income from donations and legacies**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Pontefract race day income	21,794	-	21,794	25,300
Leger Legends income	50,500	-	50,500	64,564
Sundry income	-	-	-	185
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	72,294	-	72,294	90,049
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2016	90,049	-	90,049	
	<hr/>	<hr/>	<hr/>	

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**3. Income from charitable activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Operation of educational and training college	360,516	6,166	366,682	388,575
Evening programme	20,000	-	20,000	14,410
EFA and SFA	775,138	-	775,138	848,698
Other activity related income	34,709	-	34,709	42,229
Grants (see detailed breakdown below)	452,000	194,547	646,547	227,847
	<u>1,642,363</u>	<u>200,713</u>	<u>1,843,076</u>	<u>1,521,759</u>
<i>Total 2016</i>	<u>1,447,746</u>	<u>74,013</u>	<u>1,521,759</u>	

**Grants**

	2017 £	2016 £
Shortening the Odds grant	40,000	-
Regional training grant	10,968	13,000
Pony Racing grant	50	10,000
SMS Text messaging	6,620	-
The Rank Foundation grant	25,000	30,000
Contract Coordinator	8,485	-
The Racing Foundation grant	440,000	120,000
Mobile Training Vehicle	53,424	-
Commercial assistance	50,000	-
Entry to employment	12,000	-
Eranda Foundation	-	40,000
Racing to School	-	14,772
Miscellaneous	-	75
<b>Total</b>	<u><b>646,547</b></u>	<u><b>227,847</b></u>

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**4. Other trading activities**

The charity has a wholly owned trading subsidiary, NRC Trading Limited (company number 03538751). The company was incorporated on 1 April 1998 in the UK and has issued share capital of two ordinary shares. The company gifts its taxable profits to Northern Racing College. Audited accounts are filed with Companies House. A summary of trading results is shown below.

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total unrestricted funds 2016 £
<b>Charity trading income</b>				
Turnover	252,098	-	252,098	218,186
<b>Fundraising trading expenses</b>				
Cost of sales	78,387	-	78,387	89,672
Administrative expenses	32,686	-	32,686	30,490
	111,073	-	111,073	120,162
Net income from other trading activities	141,025	-	141,025	98,024

As at 31 July 2017 NRC Trading had assets of £161,241 (2016: £100,235), liabilities of £126,998 (2016: £65,991) and shareholders's funds of £34,244 (2016: £34,244).

**5. Costs of raising voluntary income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising and publicity	1,545	-	1,545	1,309
Voluntary income staff costs	10,044	-	10,044	11,331
	11,589	-	11,589	12,640
<b>Total 2016</b>	12,640	-	12,640	

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**6. Governance costs**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditor's remuneration	7,935	-	7,935	6,125
Trustees' expenses	2,408	-	2,408	2,501
Legal and professional	8,363	-	8,363	17,005
Salaries and related charges	155,881	14,169	170,050	144,117
	<u>174,587</u>	<u>14,169</u>	<u>188,756</u>	<u>169,748</u>

**7. Other expenditure**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank and other interest	33,165	33,165	39,230
	<u>33,165</u>	<u>33,165</u>	<u>39,230</u>
<i>Total 2016</i>	<u>39,230</u>	<u>39,230</u>	

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**8. Operation of Education & Training College**

	2017 £	2016 £
<b>Direct costs</b>		
Training costs	85,713	70,422
Accommodation	327,557	340,580
Stable yard	127,742	113,227
External facilities	-	1,090
Staff costs	615,171	565,260
National insurance	63,590	49,163
Pension costs	87,193	64,697
FRS 17 finance costs	30,000	32,000
Depreciation	75,898	66,000
	<u>1,412,864</u>	<u>1,302,439</u>
<b>Management and administration</b>		
Administration	245,556	214,236
Staff costs	24,308	21,514
	<u>269,864</u>	<u>235,750</u>
<b>Support costs</b>		
Direct administration costs	53,900	46,350
	<u>53,900</u>	<u>46,350</u>
<b>Governance costs</b>		
Governance costs (note 7)	188,756	169,748
	<u>1,925,384</u>	<u>1,754,287</u>

Charitable activities expenditure out of unrestricted funds was £1,772,530 (2016: £1,637,878) and out of restricted funds was £152,854 (2016: £116,409).

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**9. Analysis of expenditure by expenditure type**

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	10,044	-	1,545	11,589	12,640
Expenditure on fundraising trading	-	8,216	102,857	111,073	120,162
<b>Costs of raising funds</b>	<b>10,044</b>	<b>8,216</b>	<b>104,402</b>	<b>122,662</b>	<b>132,802</b>
Operation of educational and training college	790,262	75,898	870,468	1,736,628	1,584,539
Expenditure on governance	170,050	-	18,706	188,756	169,748
Other expenditure	-	-	33,165	33,165	39,230
	<b>970,356</b>	<b>84,114</b>	<b>1,026,741</b>	<b>2,081,211</b>	<b>1,926,319</b>
<b>Total 2016</b>	<b>856,082</b>	<b>73,800</b>	<b>996,437</b>	<b>1,926,319</b>	

**10. Net income/(expenditure)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	77,921	71,150
- held under finance leases	6,193	2,650
Auditor's remuneration - audit	7,935	7,965

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**11. Staff costs**

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	829,573	742,222
Social security costs	63,590	49,163
Other pension costs (Note 23)	77,193	64,697
	<u>970,356</u>	<u>856,082</u>

During the year retirement benefits were accruing to the one member of higher paid staff. The total contributions payable in the year to the defined contribution scheme in respect of this staff member was £2,578 (2016: £2,544).

The average number of persons employed by the company during the year was as follows:

2017	2016
No.	No.
35	32

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £ 80,001 - £ 90,000	1	1

The total remuneration and benefits received by key management personnel were £288,491 (2016: £286,318). The trustees consider senior management personnel to be the Chief Executive Officer, the Operations Director, the Support Services Manager, the Work Based Learning Manager, the Foundation Course manager and the Finance Director.

**12. Other finance income**

	2017	2016
	£	£
Interest on pension scheme liabilities	<u>(30,000)</u>	<u>(32,000)</u>



**NORTHERN RACING COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017**

**13. Tangible fixed assets**

	Visitors centre	Building refurbishment	Leasehold land and buildings	Stable block	Gallop, manege, fencing and indoor riding school
<i>Group</i>	£	£	£	£	£
<b>Cost</b>					
At 1 August 2016	815,967	457,759	1,239,582	652,271	792,617
Additions	-	-	-	-	15,288
At 31 July 2017	815,967	457,759	1,239,582	652,271	807,905
<b>Depreciation</b>					
At 1 August 2016	161,432	237,966	250,724	137,267	403,426
Charge for the year	15,172	3,547	12,581	6,850	15,961
At 31 July 2017	176,604	241,513	263,305	144,117	419,387
<b>Net book value</b>					
At 31 July 2017	639,363	216,246	976,277	508,154	388,518
At 31 July 2016	654,535	219,793	988,858	515,004	389,191
			Plant, equipment, motor vehicles & furnishings	Computer equipment	Total
<i>Group</i>			£	£	£
<b>Cost</b>					
At 1 August 2016			322,537	47,652	4,328,385
Additions			76,041	-	91,329
At 31 July 2017			398,578	47,652	4,419,714
<b>Depreciation</b>					
At 1 August 2016			166,076	32,848	1,389,739
Charge for the year			25,117	4,886	84,114
At 31 July 2017			191,193	37,734	1,473,853
<b>Net book value</b>					
At 31 July 2017			207,385	9,918	2,945,861
At 31 July 2016			156,461	14,804	2,938,646

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**13. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017	2016
<i>Group</i>	£	£
Plant, Equipment and Motor Vehicles	<b>30,073</b>	18,550

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**13. Tangible fixed assets (continued)**

	Visitor centre	Building refurbishment	Leasehold land and buildings	Stable block	Gallop, Manege, Fencing and Indoor Riding School
<i>Company</i>	£	£	£	£	£
<b>Cost</b>					
At 1 August 2016	815,967	457,759	1,235,441	652,271	792,617
Additions	-	-	-	-	15,288
At 31 July 2017	815,967	457,759	1,235,441	652,271	807,905
<b>Depreciation</b>					
At 1 August 2016	161,432	237,966	250,148	137,267	403,426
Charge for the year	15,172	3,547	12,498	6,850	13,852
At 31 July 2017	176,604	241,513	262,646	144,117	417,278
<b>Net book value</b>					
At 31 July 2017	639,363	216,246	972,795	508,154	390,627
At 31 July 2016	654,535	219,793	985,293	515,004	389,191

	Plant, Equipment, Motor Vehicles & Furnishings	Computer equipment	Total
<i>Company</i>	£	£	£
<b>Cost</b>			
At 1 August 2016	204,612	47,652	4,206,319
Additions	73,791	-	89,079
At 31 July 2017	278,403	47,652	4,295,398
<b>Depreciation</b>			
At 1 August 2016	110,894	32,848	1,333,981
Charge for the year	19,093	4,886	75,898
At 31 July 2017	129,987	37,734	1,409,879
<b>Net book value</b>			
At 31 July 2017	148,416	9,918	2,885,519
At 31 July 2016	93,718	14,804	2,872,338

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**13. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

<i>Company</i>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Plant, Equipment and Motor Vehicles	<b>14,173</b>	-

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**14. Fixed asset investments**

<i>Company</i>	Shares in group undertakings
<i>Cost</i>	£
At 1 August 2016 and 31 July 2017	2
<i>Company investments at cost comprise:</i>	
	2017 2016
	£ £
NRC Trading Limited	2 2

Northern Racing College owns 100% of the ordinary share capital of its trading subsidiary, NRC Trading Limited, a company incorporated in England and Wales. At the 31 July 2017 the capital and reserves were £34,244 (2016 - £34,244).

**15. Stocks**

	<u>Group</u>		<u>Company</u>	
	2017	2016	2017	2016
	£	£	£	£
Finished goods	27,840	16,007	17,210	7,577

**16. Debtors**

	<u>Group</u>		<u>Company</u>	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	85,603	36,629	40,233	33,931
Amounts owed by group undertakings	-	-	111,547	38,077
Other debtors	1,825	-	1,825	-
Prepayments and accrued income	64,836	10,248	64,836	4,340
	152,264	46,877	218,441	76,348

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017**

**17. Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>50,853</b>	80,522	<b>50,853</b>	80,522
Net obligations under finance leases and hire purchase contracts	<b>5,478</b>	5,271	<b>4,228</b>	-
Trade creditors	<b>153,731</b>	172,413	<b>142,607</b>	155,597
Other taxation and social security	<b>30,098</b>	26,224	<b>28,022</b>	24,936
Other creditors	<b>164,860</b>	184,131	<b>163,860</b>	182,631
	<b>405,020</b>	468,561	<b>389,570</b>	443,686

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Deferred income</b>				
Resources deferred during the year	<b>27,500</b>	-	<b>27,500</b>	-

Income has been deferred for sources of income where the conditions set by the donor have not been met at the year end. In the current financial year deferred income was in relation to The British Horseracing Authority income.

The hire purchase contract is secured against the asset to which it relates.

**18. Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and other loans	<b>602,683</b>	504,357	<b>602,683</b>	504,357
Net obligations under finance leases and hire purchase contracts	<b>15,644</b>	3,039	<b>15,644</b>	-
	<b>618,327</b>	507,396	<b>618,327</b>	504,357

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**18. Creditors: Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	<b>366,919</b>	<b>282,073</b>	<b>366,919</b>	<b>282,073</b>

Bank loans are repaid monthly over the term of the loan. Interest is payable at 5.955% and 5.5% above base rate on the principal amount. Interest on bank overdrafts is payable at 5.55% above base rate.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Between one and five years	<b>15,644</b>	<b>3,039</b>	<b>15,644</b>	<b>-</b>

Bank loans and overdrafts are secured by way of a first legal charge over the assets and undertakings of the charity, including the Residential Centre, Rossington Hall, Great North Road, Doncaster.

**NORTHERN RACING COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017**

**19. Statement of funds**

**Statement of funds - current year**

	Balance at 1 August 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2017 £
<b>Unrestricted funds</b>						
Other charitable funds	1,991,041	1,966,755	(1,908,357)	(23,837)	-	2,025,602
Reserves held in subsidiary	34,241	-	-	1	-	34,242
Pension reserve	(1,250,000)	-	(20,000)	-	146,000	(1,124,000)
	<b>775,282</b>	<b>1,966,755</b>	<b>(1,928,357)</b>	<b>(23,836)</b>	<b>146,000</b>	<b>935,844</b>
<b>Restricted funds</b>						
	Balance at 1 August 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2017 £
Pony Racing Grant	7,258	50	(12,604)	5,296	-	-
The Rank Foundation	-	25,000	(25,000)	-	-	-
Horseracing Grant Scheme	60,000	-	-	-	-	60,000
Fibre Line and Internet Upgrade	4,932	6,166	(8,618)	-	-	2,480
Regional Training	7,344	10,968	(27,211)	8,899	-	-
Shortening the Odds	20,526	40,000	(41,748)	-	-	18,778
Racing to School	8,627	-	(905)	-	-	7,722
Contract Coordinator	-	8,485	(18,126)	9,641	-	-
SMS Text messaging	-	6,620	(3,200)	-	-	3,420
Commercial assistance	-	50,000	(15,442)	-	-	34,558
Mobile training	-	53,424	-	-	-	53,424
	<b>108,687</b>	<b>200,713</b>	<b>(152,854)</b>	<b>23,836</b>	<b>-</b>	<b>180,382</b>
<b>Total of funds</b>	<b>883,969</b>	<b>2,167,468</b>	<b>(2,081,211)</b>	<b>-</b>	<b>146,000</b>	<b>1,116,226</b>



**NORTHERN RACING COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2017**

**19. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 August 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2016 £
<b>Unrestricted funds</b>						
Other charitable funds	2,025,266	1,755,981	(1,792,910)	2,704	-	1,991,041
Reserves held in the subsidiary	34,242	-	-	(1)	-	34,241
Pension reserve	(845,000)	-	(17,000)	-	(388,000)	(1,250,000)
	<u>1,214,508</u>	<u>1,755,981</u>	<u>(1,809,910)</u>	<u>2,703</u>	<u>(388,000)</u>	<u>775,282</u>
<b>Restricted funds</b>						
	Balance at 1 August 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2016 £
Pony Racing Grant	7,800	10,000	(10,542)	-	-	7,258
The Rank Foundation	-	30,000	(30,000)	-	-	-
Horseracing Grant Scheme	60,000	-	-	-	-	60,000
Fibre Line and Internet Upgrade	6,942	6,166	(7,166)	(1,010)	-	4,932
Regional Training	6,044	13,000	(10,412)	(1,288)	-	7,344
Sylvia Adams	8,000	-	(8,000)	-	-	-
Shortening the Odds	65,000	-	(44,474)	-	-	20,526
Racing to School	-	14,772	(5,740)	(405)	-	8,627
Other funds	-	75	(75)	-	-	-
	<u>153,786</u>	<u>74,013</u>	<u>(116,409)</u>	<u>(2,703)</u>	<u>-</u>	<u>108,687</u>
Total of funds	<u>1,368,294</u>	<u>1,829,994</u>	<u>(1,926,319)</u>	<u>-</u>	<u>(388,000)</u>	<u>883,969</u>

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**Summary of funds - current year**

	Balance at 1 August 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2017 £
General funds	775,282	1,966,755	(1,928,357)	(23,836)	146,000	935,844
Restricted funds	108,687	200,713	(152,854)	23,836	-	180,382
	<u>883,969</u>	<u>2,167,468</u>	<u>(2,081,211)</u>	<u>-</u>	<u>146,000</u>	<u>1,116,226</u>

**Summary of funds - prior year**

	Balance at 1 August 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2016 £
General funds	1,214,508	1,755,981	(1,809,910)	2,703	(388,000)	775,282
Restricted funds	153,786	74,013	(116,409)	(2,703)	-	108,687
	<u>1,368,294</u>	<u>1,829,994</u>	<u>(1,926,319)</u>	<u>-</u>	<u>(388,000)</u>	<u>883,969</u>

**19. Statement of funds (continued)**

**Restricted Funds**

The funds of the charity include restricted funds comprising the following unexpended balances of grants and donations held on trust to be applied for specific purposes:

The Pony Racing Grant fund represents a grant received from the Racing Foundation in connection with setting up a new Pony Racing Academy.

The Rank Foundation fund represents a grant received to provide additional mentoring, coaching and welfare support from dedicated roving instructor(s) with responsibility for learners' pastoral care while on work based learning during the initial 6 week placement and once they have left the College and progressed into a permanent work placement.

The Horseracing Grant Scheme represents a contribution from the British Horseracing Authority towards the costs of the construction of the ground floor of what will become the College's proposed new accommodation block, the construction of this has not begun.

The Fibre Line and Internet Upgrade fund represents a grant received from the British Horseracing Education & Standards Trust for the upgrade of the internet, which is included in fixed assets, and to cover the costs of the broadband over the next three years.

The Regional Training fund represents a capital grant received from the British Horseracing Authority for the purchase of radios, a video camera, a laptop and a data projector, which are included in fixed assets. The equipment is to do further training work which is more tailored to the trainers' needs.

The Sylvia Adams fund represents a grant received from Sylvia Adams, in partnership with Prince's Trust, to provide a one week taster course for new pupils.

The Shortening the Odds fund represents a grant received from the Racing Foundation to develop a curriculum that specifically addresses the barriers disadvantaged young people have to learning and employment and implement a professional development programme for staff to support this curriculum; and appoint an outreach worker to liaise with schools, local authority services, carers and other charitable organisations seeking to find opportunities, and provide support, for disadvantaged young people.

Racing to School is to fund a two year programme to develop a new website and to purchase 40 grooming kits.

Government Funding Expert (Contract Coordinator) is for the part funding of a Government Funding expert on a three year project to assist in keeping abreast of complex government policy on education funding.

SMS Text messaging is for funding a two year pilot of the SMS Safeguarding project to use innovative technology as a proactive contribution to student welfare and retention.

Commercial assistance is in relation to a three year project to fund the recruitment and employment of a Business Development Manager to assist in the generation of additional commercial revenues.

Mobile training is a grant to cover the cost of the purchase of a horsebox, simulator and other items to improve the delivery of Regional Training activity.

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**19. Statement of funds (continued)**

Other restricted funds are small amounts given for a specific purpose.

Transfers between funds are in respect of capital expenditure projects where the conditions of the grant have been fulfilled and to cover restricted funds in deficit.

**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	2,945,861	-	2,945,861
Current assets	137,330	180,382	317,712
Creditors due within one year	(420,664)	-	(420,664)
Creditors due in more than one year	(602,683)	-	(602,683)
Provisions for liabilities and charges	(1,124,000)	-	(1,124,000)
	<u>935,844</u>	<u>180,382</u>	<u>1,116,226</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	2,938,646	-	2,938,646
Current assets	62,593	108,687	171,280
Creditors due within one year	(468,561)	-	(468,561)
Creditors due in more than one year	(507,396)	-	(507,396)
Provisions for liabilities and charges	(1,250,000)	-	(1,250,000)
	<u>775,282</u>	<u>108,687</u>	<u>883,969</u>

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**21. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the year (as per Statement of Financial Activities)	<b>86,257</b>	<b>(96,325)</b>
<b>Adjustment for:</b>		
Depreciation charges	<b>84,114</b>	<b>73,800</b>
Interest paid	<b>33,165</b>	<b>39,659</b>
Defined benefit pension adjustment	<b>20,000</b>	<b>17,000</b>
Increase in stocks	<b>(11,833)</b>	<b>(3,222)</b>
(Increase)/decrease in debtors	<b>(105,387)</b>	<b>13,970</b>
(Decrease)/increase in creditors	<b>(12,957)</b>	<b>57,081</b>
<b>Net cash provided by operating activities</b>	<b>93,359</b>	<b>101,963</b>

**22. Analysis of cash and cash equivalents**

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash in hand	<b>137,608</b>	<b>108,396</b>
Overdraft facility repayable on demand	<b>-</b>	<b>(32,640)</b>
<b>Total</b>	<b>137,608</b>	<b>75,756</b>

**23. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge includes contributions payable by the company to the fund and amounted to £14,373 (2016 - £7,788). Contributions totalling £1,400 (2016 - £919) were payable to the fund at the balance sheet date and are included in creditors.

The group operates a Defined benefit pension scheme.

Northern Racing College is a member of the South Yorkshire Pension scheme which is a multi-employer pension scheme providing benefits on final pensionable pay. The assets of the scheme are held separately from those of Northern Racing College. Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with Northern Racing College. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

A full actuarial valuation was carried out as at 31 March 2016 and to the 31 July 2017 specifically for the college by Mercer Human Resource Consulting Limited.

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

---

**23. Pension commitments (continued)**

The contributions made for the year ended 31 July 2017 were £67,000 and this contribution rate is expected to be the same for the year ended 31 July 2018.

The Trustees do not believe the deficit will ever be called upon for payment, other than through future contributions and in any event is guaranteed by Doncaster Council in the event of closure.

At the balance sheet date there were outstanding contributions payable of £4,920 (2016: £4,889).

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages) :

	<b>2017</b>	<b>2016</b>
Discount rate at 31 July	<b>2.60 %</b>	2.50 %
Future salary increases	<b>3.45 %</b>	3.45 %
Future pension increases	<b>2.20 %</b>	1.80 %

The assets in the scheme and the expected rates of return were:

	<b>Fair value at 31 July 2017 £</b>	<b>Fair value at 31 July 2016 £</b>
Equities	<b>1,568,000</b>	1,443,000
Cash/liquidity	<b>52,000</b>	42,000
Property	<b>235,000</b>	272,000
Government bonds	<b>356,000</b>	371,000
Other bonds	<b>175,000</b>	153,000
Other	<b>193,000</b>	190,000
Total market value of assets	<b><u>2,579,000</u></b>	<b><u>2,471,000</u></b>

The actual return on scheme assets was £315,000 (2016: £308,000).

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**23. Pension commitments (continued)**

The amounts recognised in the Statement of financial activities are as follows:

	2017 £	2016 £
Current service cost	(56,000)	(51,000)
Interest on obligation	(30,000)	(32,000)
Administration costs	(1,000)	(1,000)
<b>Total</b>	<b>(87,000)</b>	<b>(84,000)</b>
Actual return on scheme assets	<b>315,000</b>	<b>308,000</b>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	3,721,000	3,011,000
Current service cost	56,000	51,000
Interest cost	92,000	114,000
Contributions by scheme participants	12,000	15,000
Actuarial (gains)/losses	(91,000)	614,000
Benefits paid	(87,000)	(84,000)
<b>Closing defined benefit obligation</b>	<b>3,703,000</b>	<b>3,721,000</b>

Changes in the fair value of scheme assets were as follows:

	2017 £	2016 £
Opening fair value of scheme assets	2,471,000	2,166,000
Expected return on assets	62,000	82,000
Actuarial gains and (losses)	55,000	226,000
Contributions by employer	67,000	67,000
Contributions by scheme participants	12,000	15,000
Administrative expenses	(1,000)	(1,000)
Benefits paid	(87,000)	(84,000)
<b>Total</b>	<b>2,579,000</b>	<b>2,471,000</b>

**NORTHERN RACING COLLEGE**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2017**

**23. Pension commitments (continued)**

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2017 £	2016 £
Defined benefit obligation	(3,703,000)	(3,721,000)
Scheme assets	2,579,000	2,471,000
Deficit	<u>(1,124,000)</u>	<u>(1,250,000)</u>
Experience adjustments on scheme liabilities	91,000	(614,000)
Experience adjustments on scheme assets	<u>55,000</u>	<u>226,000</u>

**24. Operating lease commitments**

At 31 July 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

<i>Group and Company</i>	2017 £	2016 £
<i>Amounts payable:</i>		
Within 1 year	11,220	19,394
Between 1 and 5 years	2,963	15,611
Total	<u>14,183</u>	<u>35,005</u>

**25. Related party transactions**

The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS102 "Related Party Disclosures" not to disclose transactions entered into between two or more members of a group, as the trading company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

Mount Pleasant Hotel is considered to be a related party as R McIlroy has registered an interest in the hotel and surrounding land. During the year the charity made purchases from Mount Pleasant Hotel of £6,165 (2016: £3,725).

**26. Controlling party**

The Trust is a charity limited by guarantee and is therefore ultimately controlled by the Trustees.