

Registered number: 02266267
Charity number: 700405

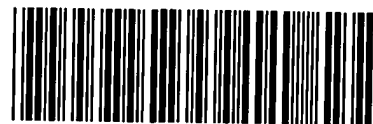
NORTHERN RACING COLLEGE

(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2018

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NORTHERN RACING COLLEGE
(A company limited by guarantee)

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NORTHERN RACING COLLEGE

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2018**

Trustees

Mr Gerard Sutcliffe, Chairman
Mr Howard Wright, Deputy Chairman
Mr Timothy Adams MBE
Mr Jeffrey Ennis
Mr James Hetherton
Mr Timothy Lyle
Mr Christopher Mallinson
The Honourable Oliver Greenall
Ms Susannah Cordelia Gill
Ms Nicola Frampton (appointed 6 December 2017)
Ms Sally Iggulden (appointed 6 December 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 Crawshay
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
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2018

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

NORTHERN RACING COLLEGE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2018

The Trustees present their annual report together with the audited financial statements of the group and the company Northern Racing College for the year 1 August 2017 to 31 July 2018. 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

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

The Trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aim and objectives and in planning our future activities. In particular, the Trustees consider its investment into its chosen workstreams of Workforce and Community Investment contribute towards its objectives through providing a public benefit. To be eligible to receive funding any community organisation must provide public benefit themselves.

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 learners on residential courses, learners in the workplace and to staff remains a priority. We are aware of the need to understand and support the mental health of all those for whom we have any level of duty of care and have continued to work with the racing industry's own welfare service as well as undertake staff training to enhance our capabilities in this area.

The composition and capabilities of the Board were enhanced during this period by the inclusion of two new Trustees: Nicola Frampton who is head of retail betting at William Hill and Sally Iggulden, Chief Executive at Beverley Racecourse.

Across the 9 **Foundation Courses** run during this period, 70% of funded starters achieved graduation and 97% went from the College to work placements. Our recruiting to this intense, arduous course continues to be determinedly inclusive and comprehensive. It welcomes established riders and those who have never ridden, school leavers, college leavers, NEETs and more mature people looking for a career change. This year's intakes included 46% from areas officially designated as underprivileged by national standards. Our focus remains firmly on helping each individual achieve the most positive outcome possible for them.

Uptake of **Specialist Courses** such as jockey licenses, trainers' modules, assistant trainers, racing secretary and transport qualification courses improved this year due in part to additional marketing efforts but also due to additional support from BHA. A new member of staff was dedicated to the running of these courses and has had a very positive impact which helps to generate income as these are fee paying courses.

Functional Skills training (numeracy and literacy) is provided to meet legal obligations to all learners whose prior attainment is below a specified level. The College's efforts in this area have enabled particularly high levels of learner achievement; English at over 83% and maths at 88% against the minimum requirement of 63%.

NORTHERN RACING COLLEGE

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

Apprenticeships

Having achieved a place on the new Register of Apprenticeship Training Providers (RoATP), the NRC went on to be awarded a Government contract to train apprentices, not a foregone conclusion as it was not achieved by any other industry provider. Work Based Learning continued therefore and has strong relationships with both employers and mentors in the workplace through consistency of staffing and increased employer involvement in the assessment and learner feedback process. Employer engagement will be strengthened further through the mandatory employer involvement with the new standards, for which employers will participate in a skills log for each learner. That having been said, relationships 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 thus far. Our qualification success rates for Level 2 and Level 3 Apprentices (better than 87% overall) were significantly above national averages, with those who complete their training in a timely manner this year (nearly 85%) being even further ahead of other courses nationally than last year.

Regional Training

Activities have been both popular and successful as the BHA funded pilot continued in the Middleham area. It 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 similar capabilities being established in other racing centres. The mobile training facility (a powered mechanical race horse simulator in a horse box with associated audio-visual and IT support) bought with a generous grant from The Racing Foundation is based largely in Middleham to support the Regional Training initiative, hired regularly by individual training yards in the Middleham area and also has been used to support recruiting activities across the north of England.

Life Skills

The programme, delivered for Foundation Course learners in the evenings after a full day of riding and working on the yards, 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 and, for example, both additional nutrition training and anti-gambling have been introduced this year.

Pony Racing

Two Racing Foundation funded Academies were held successfully this year with young people from the age of 11 attending. These activities are important sources of recruits to the industry as a whole, some of them passing through the College's Foundation Courses. However, Racing Foundation funding for Pony Racing Academy ends July 2018 and sponsors are being sought to fund it for future years. Pony Racing Camp and Pony Racing Training Days were well attended and, as with the Academy, brought young people onto both the Flexible Learning Programme and the Foundation Course.

Doncaster Equine College

As anticipated last year, the NRC ran an inaugural non-residential DEC programme on conventional college lines (weekdays during term time only) for Level 1, 2 and 3 learners during this period. The set up and running costs were very modest and, as hoped, were outweighed by the revenue generated from ESFA payments and the benefits to marketing and recruiting. The DEC programme will continue for the foreseeable future.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

Quality Assurance

A schedule of graded, internally organised observations of the delivery of training and education is in place. These continue to show very good standards being achieved by instructors. In addition, independent external quality assurance (EQA) visits from our assessment organisations, 1st4sport and City & Guilds, have been good with only a few minor actions identified. We continue to undertake our annual Self-Assessment Report (SAR) process with input from staff, learners and employers to inform our Business Improvement Plan (BIP) and gauge our own progress between formal Ofsted inspections.

Matrix Accreditation

Matrix is a national standard relating to advice and guidance provided to learners on the options open to them. The requirement for accreditation includes that learners leaving without courses are signposted to alternative positive destinations. The College received a positive report again this year which adds to the attractiveness and credibility of our education offer.

Marketing and Recruiting

The team has improved marketing functions through more efficient use of technology such as website infrastructure and social media reporting and planning tools. During the early months of this academic year, the Foundation Course application process moved exclusively online and became more streamlined. Applicant and student feedback has been key to developing the online system. Collectively, improvements seem to be making an important difference to the numbers accessing NRC marketing tools.

Infrastructure and Equipment

A range of activities on the Infrastructure front has seen works and improvements. These included:
Replacement of the water irrigation system in the indoor riding school, delivered on time and within budget. The much improved and more effective system with its significant reduction in the number of sprinkler heads will help us to maintain and improve the surface and lower maintenance and operating costs over time.

b. Commercial activities

The NRC's valuable contract to provide animals and facilities to Doncaster College for its animal husbandry programmes came to an end at the start of this period. However, the efforts and initiatives to ameliorate the loss in revenue have been more successful than had been hoped. In addition, the departure of Doncaster College learners, staff and a veritable menagerie has provided many opportunities for facilities at the Visitor Centre and on the yards to be harnessed in support of core business.

Letting of facilities has raised important but relatively small scale revenue this year but improvements in and better maintenance of facilities will ensure sustained revenue.

The second year of fodder production on the College's Agricultural Tenancy land around its straight gallop also has exceeded productivity expectations, despite the dry summer, and low cost of maintenance. As far as we are aware, not much has changed with respect to the proposal by a consortium to develop land which includes the NRC's straight gallop for housing and a major golf facility. There is still no acceptable offer to accommodate the College's equine activity needs nor provide alternative sources for fodder production. The formal objection lodged with the local authority still stands.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

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. They are satisfied that the NRC continues to be a going concern.

b. Financial performance and position

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 and the delivery of over 15,000 person days of training and development activities. 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.

Last year's Report described a position much improved from the fragile financial circumstances of 2015 and 2016 with justifiable optimism underpinning the College's view of its future. That perspective has been sustained and reinforced through this year.

The ongoing commitment of the racing industry to the vital role played by the College is the principal source of that optimism. This has been represented most tangibly by payments to the College for its provision of training to racing staff through the British Horseracing Authority's (BHA) Letter of Agreement (contract) and by various grants from The Racing Foundation. The NRC's own revenue generation efforts have continued to develop and add important resources to support its outputs while leanness and efficiency across the operation ensure we make the best of what we have.

The availability of Government funding, the major source of the College's income for many years, has continued to be more limited than in the past due to changes in the apprenticeship system and a lower contract value allocated for Foundation Course training this year. As a result, the proportion of overall revenue from the industry has overtaken that coming from Government sources as predicted last year. The College continues to draw down any Government money that is available to offset the cost of training activities to the industry but it seems at last that the industry has recognised and accepts that it has to fill the gap between Government subsidies and the cost of provision. This is a significant development which cannot and will not be taken for granted. What we do, how we do it and our explanation of it must continue to justify fulsome industry support and investment.

The College's income for this period was £2,162k, the total expenditure for the year was £2,128k. The Charity has funds to carry forward at the end of the period of £1,506k (2017: £1,116k), split as £1,352k (2017: £936k) unrestricted and £154k (2017: £180k) restricted funds.

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, small surpluses in unrestricted funds allow the NRC at least to begin to work towards adherence which continues to be its aspiration.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

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, the College decided to follow up last year's modest pay increase with a similar increase as of January 2018. Trustees and senior leaders continue to recognise that the organisation is reliant on its small team of dedicated staff.

As of October 2017, the UK's National Living Wage is the lowest level at which the College pays any employee.

The College's senior leadership team comprises the Chief Executive; Operations Director; Support Services Manager; Work Based Learning Manager; Foundation Course Manager and Fundraising Manager. The total cost (salary + NI + pension) to the College of the team in this accounting year was £298,555 (2017: £269,046).

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

selection panel to select a new Chief Executive.

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

f. Risk management

The Trustees give very careful attention to risk management. Details of the risks which have a potentially significant impact on the college and how these are managed by the trustees are set out below.

Destruction of facilities - Trustees ensure that all necessary insurance cover is in place.

Loss of major contracts - Trustees ensure that constant attention and effort are given to sustaining the excellence of NRC's training/education provision and its responsiveness to the requirements of Government and the needs of the industry so that high demand for training is sustained.

OFSTED - The most recent Ofsted inspection in 2016 resulted in a Grade 2 with Grade 1 elements. Trustees ensure and some participate in the College's annual, formal, externally facilitated self-assessment (SAR). It identifies further improvement opportunities and any emerging shortcomings in order that standards are maintained at the very least and enhanced if possible.

Significant safeguarding problems - Trustees are aware that the racing industry as a whole and the NRC within it have moved forward proactively and successfully to reduce both the likelihood of safeguarding problems, their frequency and to deal effectively and very promptly with them when they do occur.

Significant outbreak of equine disease - Trustees are confident that contagion control measures exist and have been rehearsed. However, if disease were to break out, Trustees are confident that operations would continue but scaled back to allow affected animals to be segregated until the disease was eliminated.

Departure of key staff members - Trustees are confident that, in an operation of this modest scale key staff have visibility of others' roles and responsibilities making the business resilient to temporary gaps.

All other risks - Trustees are briefed where necessary on other risks and are confident that all are managed through routine processes below Board level.

Plans for future periods

a. Future developments

The industry's continued 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. However, we continue to strive towards a sustainable funding model that will not have to be re-examined on an annual basis and will enable more effective medium to long term planning.

Transition to the new Apprenticeship Standards will bring both financial benefits and the opportunity to capitalise on increased employer consumer power to drive service excellence. The End Point Assessment Process (EPA) remains a somewhat unknown quantity although close working relationships with 1st4Sport and involvement throughout development of the qualification have provided assurance that this process will be neither onerous nor detrimental to success rates.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

Information on fundraising practices

Monitoring of Fund Raising

With support from The Racing Foundation, a manager was appointed in January 2018 to take responsibility for increasing revenue by accessing grants, fundraising and promoting commercial activities. Over £53K was raised Jan to July 2018. The College is grateful to all the entities which contributed, including industry charities, bookmakers, large and small businesses and parents/friends of learners. Fundraising initiatives have included adding donation capacity to the website and improving links to the JustGiving donation portal, developing corporate partnerships for the Digital Collection Box system and promoting the NRC shop online. We are working with a range of local, regional and national entities to gain support for the work of NRC with a view to sponsorship, resource sharing, partnerships, funding arrangements and donations. This work continues to raise our profile and create strong allies for future collaborative efforts.

The eighth annual Leger Legends event was another success and raised in excess of a further £100k to be divided equally between the Injured Jockeys Fund and the NRC. The event is organised by a committee of enthusiastic and committed volunteers and is separate from routine fundraising activities.

Professional Fund Raisers

The Charity does not employ, and has never employed commercial/professional fund raisers. In particular, the Trustees would not support the paying of third-party commercial organisations to fund raise on Northern Racing College's behalf.

Fund Raising Conforming to Recognised Standards

The Charity has a Trustee adopted Fund Raising Policy, which dictates all Fund Raising Activity.

Fund Raising Complaints

We have not had to date any Fund Raising Complaints.

Protection of Public from Unreasonably Intrusive Approaches

The Charity does not mailshot members of the public, and would never 'chase' donors in search of funds. This would be contrary to the expressed articles and objects of the way our Charity is Governed and led – both by Trustees, Governors and Staff.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018**

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

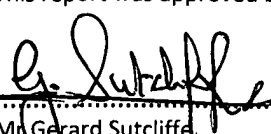
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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 5 December 18, and signed on their behalf by:


.....
Mr Gerard Sutcliffe
Trustee

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

Opinion

We have audited the financial statements of Northern Racing College (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2018 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 the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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 Directors' 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 other 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

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

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 (incorporating the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent 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 the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are 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 Directors' Report and from the requirement to prepare a Group Strategic Report.

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 or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

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. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.



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

BHP LLP

Chartered Accountants

Statutory Auditor

2 Rutland Park

Sheffield

S10 2PD

Date: 18 December 2018

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 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and legacies	2	70,776	-	70,776	72,294
Charitable activities	3	1,815,415	161,063	1,976,478	1,843,076
Other trading activities	4	114,302	-	114,302	252,098
Total income		2,000,493	161,063	2,161,556	2,167,468
Expenditure on:					
Raising funds:					
Voluntary income	5	12,132	-	12,132	11,589
Fundraising trading	4	119,783	-	119,783	111,073
Charitable activities	7	1,813,126	149,284	1,962,410	1,925,384
Other expenditure	6	33,822	-	33,822	33,165
Total expenditure	8	1,978,863	149,284	2,128,147	2,081,211
Net income before transfers		21,630	11,779	33,409	86,257
Transfers between funds	19	38,600	(38,600)	-	-
Net income / (expenditure) before other recognised gains and losses		60,230	(26,821)	33,409	86,257
Actuarial gains/(losses) on defined benefit pension schemes	23	356,000	-	356,000	146,000
Net movement in funds		416,230	(26,821)	389,409	232,257
Reconciliation of funds:					
Total funds brought forward		935,844	180,382	1,116,226	883,969
Total funds carried forward		1,352,074	153,561	1,505,635	1,116,226

NORTHERN RACING COLLEGE

(A company limited by guarantee)

REGISTERED NUMBER: 02266267

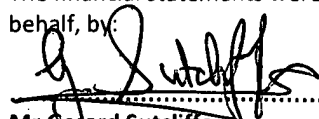
CONSOLIDATED BALANCE SHEET

AS AT 31 JULY 2018

			2018	2017
	Note	£	£	£
Fixed assets				
Tangible assets	13		2,920,737	2,945,861
Current assets				
Stocks	15	17,746		27,840
Debtors	16	97,713		152,264
Cash at bank and in hand		196,228		137,608
		<u>311,687</u>		<u>317,712</u>
Creditors: amounts falling due within one year	17	<u>(382,545)</u>		<u>(405,020)</u>
Net current liabilities			<u>(70,858)</u>	<u>(87,308)</u>
Total assets less current liabilities			<u>2,849,879</u>	<u>2,858,553</u>
Creditors: amounts falling due after more than one year	18		<u>(544,244)</u>	<u>(618,327)</u>
Net assets excluding pension scheme liabilities			<u>2,305,635</u>	<u>2,240,226</u>
Defined benefit pension scheme liability	23		<u>(800,000)</u>	<u>(1,124,000)</u>
Net assets including pension scheme liabilities			<u><u>1,505,635</u></u>	<u><u>1,116,226</u></u>
Charity Funds				
Restricted funds	19		153,561	180,382
Unrestricted funds:	19			
Unrestricted funds excluding pension liability		2,152,074		2,059,844
Pension reserve		<u>(800,000)</u>		<u>(1,124,000)</u>
Total unrestricted funds	19		<u>1,352,074</u>	<u>935,844</u>
Total funds	19		<u><u>1,505,635</u></u>	<u><u>1,116,226</u></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 5 December 18 and signed on their behalf, by:



 Mr Gerard Sutcliffe

The notes on pages 20 to 47 form part of these financial statements.

NORTHERN RACING COLLEGE**(A company limited by guarantee)****REGISTERED NUMBER: 02266267****COMPANY BALANCE SHEET****AS AT 31 JULY 2018**

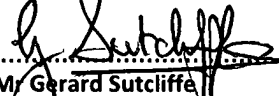
			2018		2017
	Note	£	£	£	£
Fixed assets					
Tangible assets	13		2,873,014		2,885,519
Investments	14		2		2
			<u>2,873,016</u>		<u>2,885,521</u>
Current assets					
Stocks	15	7,688		17,209	
Debtors	16	152,218		106,894	
Cash at bank		146,482		92,710	
		<u>306,388</u>		<u>216,813</u>	
Creditors: amounts falling due within one year	17	<u>(358,285)</u>		<u>(419,048)</u>	
Net current liabilities			<u>(51,897)</u>		<u>(202,235)</u>
Total assets less current liabilities			<u>2,821,119</u>		<u>2,683,286</u>
Creditors: amounts falling due after more than one year	18		<u>(544,244)</u>		<u>(618,327)</u>
Net assets excluding pension scheme liabilities			<u>2,276,875</u>		<u>2,064,959</u>
Defined benefit pension scheme liability	23		<u>(800,000)</u>		<u>(1,124,000)</u>
Net assets including pension scheme liabilities			<u><u>1,476,875</u></u>		<u><u>940,959</u></u>
Charity Funds					
Restricted funds	19		153,561		180,382
Unrestricted funds:	19				
Unrestricted funds excluding pension liability		2,123,314		1,884,577	
Pension reserve		<u>(800,000)</u>		<u>(1,124,000)</u>	
Total unrestricted funds			<u>1,323,314</u>		<u>760,577</u>
Total funds			<u><u>1,476,875</u></u>		<u><u>940,959</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 2018

The financial statements were approved and authorised for issue by the Trustees on 5 December 18 and signed on their behalf, by:


.....
Mr Gerard Sutcliffe

The notes on pages 20 to 47 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	227,205	93,359
Cash flows from investing activities:			
Purchase of tangible fixed assets		(68,760)	(91,329)
Net cash used in investing activities		(68,760)	(91,329)
Cash flows from financing activities:			
Repayments of borrowings		(66,003)	(72,078)
Cash inflows from new borrowing		-	165,065
Interest paid		(33,822)	(33,165)
Net cash (used in)/provided by financing activities		(99,825)	59,822
Change in cash and cash equivalents in the year		58,620	61,852
Cash and cash equivalents brought forward		137,608	75,756
Cash and cash equivalents carried forward	22	196,228	137,608

The notes on pages 20 to 47 form part of these financial statements.

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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) as updated for Update Bulletin 1), 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.

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.

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting Policies (continued)

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.

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.

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting Policies (continued)

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.

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 2018.

1.16 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

1.17 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.

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting Policies (continued)

1.18 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Pontefract race day income	20,060	-	20,060	21,794
Leger Legends income	50,716	-	50,716	50,500
Total donations and legacies	70,776	-	70,776	72,294
Total 2017	72,294	-	72,294	

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

3. Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Operation of educational and training college	827,186	-	827,186	366,682
Evening programme	-	-	-	20,000
ESFA	914,220	-	914,220	775,138
Other activity related income	42,734	-	42,734	34,709
Grants (see detailed breakdown below)	31,275	161,063	192,338	646,547
	<u>1,815,415</u>	<u>161,063</u>	<u>1,976,478</u>	<u>1,843,076</u>
Total 2017	<u>1,642,363</u>	<u>200,713</u>	<u>1,843,076</u>	

Grants

	2018 £	2017 £
Shortening the odds grant	40,000	40,000
Regional training grant	35,250	10,968
Pony racing grant	10,000	50
SMS text messaging	-	6,620
The Rank Foundation grant	-	25,000
Contract co-ordinator	8,663	8,485
The Racing Foundation grant	-	440,000
Mobile training vehicle	19,275	53,424
Commercial assistance	50,000	50,000
Entry to employment	12,000	12,000
Racing welfare	7,250	-
Rider training	9,900	-
Total	<u>192,338</u>	<u>646,547</u>

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total unrestricted funds 2017 £
Charity trading income				
Turnover	114,302	-	114,302	252,098
Fundraising trading expenses				
Cost of sales	69,641	-	69,641	78,387
Administrative expenses	50,142	-	50,142	32,686
	119,783	-	119,783	111,073
Net (expenditure)/income from other trading activities	(5,481)	-	(5,481)	141,025

As at 31 July 2018 NRC Trading had assets of £115,431 (2017: £190,719), liabilities of £86,668 (2017: £15,450) and shareholders's funds of £28,763 (2017: £175,269).

5. Costs of raising voluntary income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Fundraising and publicity	1,740	-	1,740	1,545
Voluntary income staff costs	10,392	-	10,392	10,044
	12,132	-	12,132	11,589
Total 2017	11,589	-	11,589	

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

6. Other expenditure

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank and other interest	33,822	33,822	33,165
	<hr/>	<hr/>	<hr/>
Total 2017	33,165	33,165	
	<hr/>	<hr/>	

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

7. Operation of Education & Training College

	2018 £	2017 £
Direct costs		
Training costs	70,371	85,713
Accommodation	315,576	327,557
Stable yard	131,806	127,742
Staff costs	684,529	615,171
National insurance	75,028	63,590
Pension costs	91,805	87,193
FRS 17 finance costs	28,000	30,000
Depreciation	78,785	75,898
	1,475,900	1,412,864
Management and administration		
Administration	201,809	245,556
Staff costs	19,741	24,308
	221,550	269,864
Support costs		
Direct administration costs	46,630	53,900
	46,630	53,900
Governance costs		
Governance costs (note 9)	218,330	188,756
	1,962,410	1,925,384

Charitable activities expenditure out of unrestricted funds was £1,823,748 (2017: £1,772,530) and out of restricted funds was £149,284 (2017: £152,854).

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

8. Analysis of expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	10,392	-	1,740	12,132	11,589
Expenditure on fundraising trading	-	7,516	112,267	119,783	111,073
Costs of raising funds	10,392	7,516	114,007	131,915	122,662
Operation of educational and training college	871,102	78,786	794,192	1,744,080	1,736,628
Expenditure on governance	197,076	-	21,254	218,330	188,756
Other expenditure	-	-	33,822	33,822	33,165
	1,078,570	86,302	963,275	2,128,147	2,081,211
Total 2017	970,356	84,114	1,026,741	2,081,211	

9. Governance costs

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Auditor's remuneration	8,125	-	8,125	7,935
Trustees' expenses	2,447	-	2,447	2,408
Legal and professional	10,682	-	10,682	8,363
Salaries and related charges	155,718	41,358	197,076	170,050
	176,972	41,358	218,330	188,756

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

10. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	77,656	77,921
- held under finance leases	8,645	6,193
Auditor's remuneration - audit	<u>8,125</u>	<u>7,935</u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

7 Trustees received reimbursement of expenses amounting to £2,447 in the current year, (2017 - 7 Trustees - £2,408).

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

11. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	911,737	829,573
Social security costs	75,028	63,590
Other pension costs (Note 23)	91,805	77,193
	<u>1,078,570</u>	<u>970,356</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 £2,699 (2017: £2,578).

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

2018	2017
No.	No.
38	35

The number of higher paid employees was:

	2018	2017
	No.	No.
In the band £ 80,001 - £ 90,000	0	1
In the band £ 90,001 - £100,000	1	0

The total remuneration and benefits received by key management personnel were £298,555 (2017: £269,046). 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 Fundraising Manager.

12. Other finance income

	2018	2017
	£	£
Interest on pension scheme liabilities	<u>(28,000)</u>	<u>(30,000)</u>

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

13. Tangible fixed assets

Group	Visitors centre £	Building refurbishment £	Leasehold land and buildings £	Stable block £	Gallop, manege, fencing and indoor riding school £
Cost					
At 1 August 2017	815,967	457,759	1,239,582	652,271	807,905
Additions	-	5,860	-	-	11,031
Disposals	-	-	-	-	-
At 31 July 2018	815,967	463,619	1,239,582	652,271	818,936
Depreciation					
At 1 August 2017	176,604	241,513	263,305	144,117	417,278
Charge for the year	14,585	3,604	11,709	6,758	22,340
On disposals	-	-	-	-	-
At 31 July 2018	191,189	245,117	275,014	150,875	439,618
Net book value					
At 31 July 2018	624,778	218,502	964,568	501,396	379,318
At 31 July 2017	639,363	216,246	976,277	508,154	390,627

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

13. Tangible fixed assets (continued)

<i>Group</i>	Plant, equipment, motor vehicles & furnishings £	Computer equipment £	Total £
Cost			
At 1 August 2017	398,578	47,652	4,419,714
Additions	51,869	-	68,760
Disposals	(9,479)	-	(9,479)
At 31 July 2018	440,968	47,652	4,478,995
Depreciation			
At 1 August 2017	193,302	37,734	1,473,853
Charge for the year	24,032	3,273	86,301
On disposals	(1,896)	-	(1,896)
At 31 July 2018	215,438	41,007	1,558,258
Net book value			
At 31 July 2018	225,530	6,645	2,920,737
At 31 July 2017	205,276	9,918	2,945,861

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

<i>Group</i>	2018 £	2017 £
Plant, Equipment and Motor Vehicles	9,071	30,073

NORTHERN RACING COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

13. Tangible fixed assets (continued)

<i>Company</i>	Visitor centre £	Building refurbishment £	Leasehold land and buildings £	Stable block £	Gallop, Manege, Fencing and Indoor Riding School £
Cost					
At 1 August 2017	815,967	457,759	1,235,441	652,271	807,905
Additions	-	5,860	-	-	11,031
At 31 July 2018	815,967	463,619	1,235,441	652,271	818,936
Depreciation					
At 1 August 2017	176,604	241,513	262,646	144,117	417,278
Charge for the year	14,585	3,604	11,626	6,758	22,340
At 31 July 2018	191,189	245,117	274,272	150,875	439,618
Net book value					
At 31 July 2018	624,778	218,502	961,169	501,396	379,318
At 31 July 2017	639,363	216,246	972,795	508,154	390,627

<i>Company</i>	Plant, Equipment, Motor Vehicles & Furnishings £	Computer equipment £	Total £
Cost			
At 1 August 2017	278,403	47,652	4,295,398
Additions	49,389	-	66,280
At 31 July 2018	327,792	47,652	4,361,678
Depreciation			
At 1 August 2017	129,987	37,734	1,409,879
Charge for the year	16,599	3,273	78,785
At 31 July 2018	146,586	41,007	1,488,664
Net book value			
At 31 July 2018	181,206	6,645	2,873,014
At 31 July 2017	148,416	9,918	2,885,519

NORTHERN RACING COLLEGE
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13. Tangible fixed assets (continued)

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

	2018	2017
<i>Company</i>	£	£
Plant, Equipment and Motor Vehicles	9,071	14,173

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

14. Fixed asset investments

Company	Shares in group undertakings
Cost	£
At 1 August 2017 and 31 July 2018	2
Company investments at cost comprise:	
	2018
	£
NRC Trading Limited	2
	2017
	£
	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 2018 the capital and reserves were £28,763 (2017 - £175,269).

15. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Finished goods	17,746	27,840	7,688	17,209

16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	81,121	85,603	73,268	40,233
Amounts owed by group undertakings	-	-	62,358	-
Other debtors	1,804	1,825	1,804	1,825
Prepayments and accrued income	14,788	64,836	14,788	64,836
	97,713	152,264	152,218	106,894

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17. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	53,822	50,853	53,822	50,853
Net obligations under finance leases and hire purchase contracts	4,228	5,478	4,228	4,228
Trade creditors	172,493	153,731	156,639	142,607
Amounts owed to group undertakings	-	-	-	29,478
Other taxation and social security	37,673	30,098	30,267	28,022
Other creditors	114,329	164,860	113,329	163,860
	<u>382,545</u>	<u>405,020</u>	<u>358,285</u>	<u>419,048</u>

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	£	£	£	£
Deferred income				
Deferred income at 1 August 2017	-	27,500	-	27,500

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

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and other loans	533,711	602,683	533,711	602,683
Net obligations under finance leases and hire purchase contracts	10,533	15,644	10,533	15,644
	<u>544,244</u>	<u>618,327</u>	<u>544,244</u>	<u>618,327</u>

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

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Repayable by instalments	283,477	366,919	283,477	366,919

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:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Between one and five years	10,533	15,644	10,533	15,644

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.

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds

Statement of funds - current year

	Balance at 1 August 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2018 £
Unrestricted funds						
Other charitable funds	1,884,577	1,886,191	(1,827,080)	179,625	-	2,123,313
Reserves held in subsidiary	175,267	114,302	(119,783)	(141,025)	-	28,761
Pension reserve	(1,124,000)	-	(32,000)	-	356,000	(800,000)
	935,844	2,000,493	(1,978,863)	38,600	356,000	1,352,074
Restricted funds						
	Balance at 1 August 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2018 £
Pony racing	-	10,000	(10,000)	-	-	-
Horseracing grant scheme	60,000	-	-	-	-	60,000
Fibre line and internet upgrade	2,480	-	(2,480)	-	-	-
Regional training	-	35,250	(19,465)	-	-	15,785
Shortening the odds	18,778	40,000	(40,978)	-	-	17,800
Racing to school	7,722	-	(4,135)	-	-	3,587
Racing welfare	-	7,250	(4,370)	-	-	2,880
Contract Coordinator	-	8,663	(8,663)	-	-	-
SMS text messaging	3,420	-	(3,420)	-	-	-
Commercial assistance	34,558	50,000	(36,531)	-	-	48,027
Mobile training	53,424	-	(14,824)	(38,600)	-	-
Rider training programme	-	9,900	(4,418)	-	-	5,482
	180,382	161,063	(149,284)	(38,600)	-	153,561
Total of funds	1,116,226	2,161,556	(2,128,147)	-	356,000	1,505,635

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

19. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2017 £
General funds						
Other charitable funds	1,893,016	1,714,657	(1,797,284)	74,188	-	1,884,577
Reserves held in subsidiary	132,266	252,098	(111,073)	(98,024)	-	175,267
Pension reserve	(1,250,000)	-	(20,000)	-	146,000	(1,124,000)
	<u>775,282</u>	<u>1,966,755</u>	<u>(1,928,357)</u>	<u>(23,836)</u>	<u>146,000</u>	<u>935,844</u>
Restricted funds						
	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 co-ordinator	-	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
	<u>108,687</u>	<u>200,713</u>	<u>(152,854)</u>	<u>23,836</u>	<u>-</u>	<u>180,382</u>
Total of funds	<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>

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Summary of funds - current year

	Balance at 1 August 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2018 £
General funds	935,844	2,000,493	(1,978,863)	38,600	356,000	1,352,074
Restricted funds	180,382	161,063	(149,284)	(38,600)	-	153,561
	<u>1,116,226</u>	<u>2,161,556</u>	<u>(2,128,147)</u>	<u>-</u>	<u>356,000</u>	<u>1,505,635</u>

Summary of funds - prior 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>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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 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 grants received from the Racing Foundation under its 'People Development' initiative to provide Rider coaching sessions, simulator training and theoretical coaching for the racing Community.

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.

Racing welfare fund the life skills programme which seeks to provide skills to learners to help them become resilient and effective communicators who are equipped for independent living.

Government funding expert (contract co-ordinator) 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.

The Rider development coaching programme is a new initiative and an extension of the Regional Training work to introduce a level 1 coaching programme to enable senior yard staff to more effectively guide the development of less experienced riders skills.

Transfers between funds are in respect of capital expenditure projects where the conditions of the grant have

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NOTES TO THE FINANCIAL STATEMENTS
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- 19. Statement of funds (continued)**
 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 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	2,920,737	-	2,920,737
Current assets	158,126	153,561	311,687
Creditors due within one year	(382,545)	-	(382,545)
Creditors due in more than one year	(544,244)	-	(544,244)
Provisions for liabilities and charges	(800,000)	-	(800,000)
	1,352,074	153,561	1,505,635

Analysis of net assets between funds - prior 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	(405,020)	-	(405,020)
Creditors due in more than one year	(618,327)	-	(618,327)
Provisions for liabilities and charges	(1,124,000)	-	(1,124,000)
	935,844	180,382	1,116,226

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NOTES TO THE FINANCIAL STATEMENTS
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21. Reconciliation of net movement in funds to net cash flow from operating activities

	2018	Group
	£	2017
		£
Net income for the year (as per Statement of Financial Activities)	33,409	86,257
Adjustment for:		
Depreciation charges	86,301	84,114
Loss on the disposal of fixed assets	7,583	-
Interest paid	33,822	33,165
Defined benefit pension adjustment	32,000	20,000
Decrease/(increase) in stocks	10,094	(11,833)
Decrease/(increase) in debtors	54,551	(105,387)
Decrease in creditors	(30,555)	(12,957)
Net cash provided by operating activities	227,205	93,359

22. Analysis of cash and cash equivalents

	2018	Group
	£	2017
		£
Cash in hand	196,228	137,608
Total	196,228	137,608

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 £17,937 (2017 - £14,373). Contributions totalling £1,604 (2017 - £1,400) 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 2017 and to the 31 July 2018 specifically for the college by Mercer Human Resource Consulting Limited.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

23. Pension commitments (continued)

The contributions made for the year ended 31 July 2018 were £59,000 and the contribution rates expected for the year ended 31 July 2019 are £60,000.

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 £2,272 (2017: £4,920).

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

	2018	2017
Discount rate at 31 July	2.90 %	2.60 %
Future salary increases	3.35 %	3.45 %
Future pension increases	2.20 %	2.20 %

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

	Fair value at 31 July 2018 £	Fair value at 31 July 2017 £
Equities	1,472,000	1,568,000
Cash/liquidity	127,000	52,000
Property	268,000	235,000
Government bonds	395,000	356,000
Other bonds	202,000	175,000
Other	301,000	193,000
Total market value of assets	<u>2,765,000</u>	<u>2,579,000</u>

The actual return on scheme assets was £189,000 (2017 - £315,000).

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23. Pension commitments (continued)

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

	2018 £	2017 £
Current service cost	(62,000)	(56,000)
Interest on obligation	(28,000)	(30,000)
Administration costs	(1,000)	(1,000)
Total	(91,000)	(87,000)
 Actual return on scheme assets	 189,000	 315,000

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

	2018 £	2017 £
Opening defined benefit obligation	3,703,000	3,721,000
Current service cost	62,000	56,000
Interest cost	95,000	92,000
Contributions by scheme participants	12,000	12,000
Actuarial gains	(233,000)	(91,000)
Benefits paid	(74,000)	(87,000)
Closing defined benefit obligation	3,565,000	3,703,000

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

	2018 £	2017 £
Opening fair value of scheme assets	2,579,000	2,471,000
Expected return on assets	67,000	62,000
Actuarial gains and (losses)	123,000	55,000
Contributions by employer	59,000	67,000
Contributions by scheme participants	12,000	12,000
Administrative expenses	(1,000)	(1,000)
Benefits paid	(74,000)	(87,000)
Total	2,765,000	2,579,000

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FOR THE YEAR ENDED 31 JULY 2018**

23. Pension commitments (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018 £	2017 £
Defined benefit obligation	(3,565,000)	(3,703,000)
Scheme assets	2,765,000	2,579,000
Deficit	(800,000)	(1,124,000)
Experience adjustments on scheme liabilities	233,000	91,000
Experience adjustments on scheme assets	123,000	55,000

24. Operating lease commitments

At 31 July 2018 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Group and Company		
Amounts payable:		
Within 1 year	17,366	11,220
Between 1 and 5 years	16,503	2,963
Total	33,869	14,183

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.

26. Controlling party

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