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Charity Registration No 1084042
Company Registration No 4116279

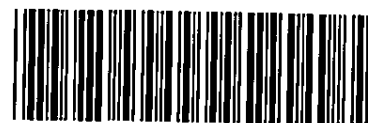
RACING WELFARE
(A company limited by guarantee)

Consolidated Report and Financial Statements

31 December 2007

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RACING WELFARE
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2007

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RACING WELFARE
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OFFICERS AND PROFESSIONAL ADVISORS

PRESIDENT

Her Royal Highness, The Princess Royal

TRUSTEES AND DIRECTORS

Nigel Elwes FCA (Chairman)
Mike Cattermole
Nigel Clark JP DL (deceased 25 August 2007)
Mark Davies
John Dunlop OBE
Richard Dunwoody MBE
Jacqueline Fanshawe
John Maxse
Gary Middlebrook
Sam Morshead
Patricia Thompson
Roger Weatherby

CHIEF EXECUTIVE AND COMPANY SECRETARY

Cedric Burton OBE

REGISTERED OFFICE

Robin McAlpine House
20b Park Lane
Newmarket Suffolk
CB8 8QD

BANKERS

Barclays Bank PLC
High Street
Newmarket
Suffolk CB8 8NH

SOLICITORS

Edmondson Hall 25 Exeter Road Newmarket Suffolk CB8 8AR	Charles Russell 8-10 Fetter Street London EC4A 1RS
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INVESTMENT ADVISERS

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
City House
126-130 Hills Road
Cambridge CB2 1RY

RACING WELFARE

(A company limited by guarantee)

TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Background

Racing Welfare was formed on 1 January 2001 by an amalgamation of racing charities including Racing Welfare Charities, The Stable Lads Welfare Trust and The Jockey Club Charitable Trust

Governance

Racing Welfare is constituted as a company limited by guarantee of which the Jockey Club is the sole member. The Board consists of up to twelve members.

Racing Welfare is the sole shareholder of Racing Welfare (Enterprises) Limited and the sole Trustee of both the Rous Charity and the Bentinck, Beresford and Rendlesham Charity.

A further associated organisation is the Stable Lads Welfare Trust Housing Association which, until 30 January 2008, was an industrial and provident society and shared the same directors as Racing Welfare. On 30 January 2008, the Stable Lads Welfare Trust Housing Association converted into a company limited by guarantee in accordance with Section 52 of the Industrial Provident Societies Act 1965. As part of the conversion, Racing Welfare was appointed as the sole member of the Stable Lads Welfare Trust Housing Association. For further details, refer to note 27 - post balance sheet event.

Appointment of Trustees

The Board of Trustees consists of between nine and twelve persons. One third of the Board retires by rotation each year. The member appoints directors solely on the recommendation of the Board. The Board is charged to use its best endeavours to ensure the composition of the Board at any time represents an appropriate balance of skills including knowledge and experience of activities within thoroughbred racing, training and breeding. New Trustees are generally approached with a view to achieving this. All new Trustees are provided with an induction programme so that they can fulfil their role on the Board.

Management

The Trustees are responsible for setting strategies and policies and for ensuring that these are implemented. The day-to-day running of the Charity and the exercise of executive responsibility is delegated to the Chief Executive. The Chief Executive is accountable to the Board of Trustees and is responsible for the efficient running of the Charity. The Chief Executive is responsible for the implementation of policies and strategies on behalf of the Trustees. The Chief Executive shares his responsibilities with a management team consisting of the Head of Finance and Strategy, the Head of Welfare and the Head of Housing.

Decisions on the management of investments are delegated to a finance sub-committee which consists of up to four Trustees, the Chief Executive and the Head of Finance and Strategy.

Employee involvement and equal opportunities policy

Employees are consulted on issues of concern to them by means of half-yearly welfare officers' meetings, quarterly staff meetings and involvement in the annual review of progress against the management plan. Additionally they are kept informed on specific matters directly by management and through the use of a regular staff newsletter.

The Charity has implemented a number of detailed policies in relation to all aspects of personnel matters including

- disciplinary rules and procedures and grievance procedures,
- equal opportunities policy,
- remuneration policy, and
- health and safety policy.

In accordance with the Charity's equal opportunities policy, the Charity has long established fair employment practices in the recruitment, selection, retention and training of disabled staff. In particular the Charity actively seeks to employ those who are no longer able to work in the thoroughbred racing and breeding industry through injury or ill health. Full details of these policies are available from the Charity's offices.

RACING WELFARE

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TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management

The Trustees have a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Trustees have reviewed the adequacy of the Charity's internal control systems. The Trustees consider that the Charity's internal financial controls conform to guidelines issued by the Charity Commission.

The Trustees have set policies to manage risk which

- consider
 - the type of risks the Charity faces,
 - the level of risks which they regard as acceptable,
 - the likelihood of the risks concerned materialising,
 - the Charity's ability to reduce the incidence and impact on the business of risks that do materialise,
 - the costs of operating particular controls relative to the benefit obtained,
- clarify the responsibility of management to implement the Trustees' policy and identify and to evaluate risks for their consideration,
- communicate that employees have responsibility for internal control as part of their accountability for achieving objectives,
- embed the control system in the Charity's operations so that it becomes part of the culture of the Charity,
- respond quickly to evolving risks arising from factors within the Charity and to changes in the external environment, and
- include procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor.

OBJECTIVES AND ACTIVITIES

Objects

The objects of the Charity, as set out in its governing document, are the relief of poverty and distress amongst people working in, or retired from, the thoroughbred racing and breeding industry and their dependents. This includes the provision of advocacy, advice and education programmes, social programmes, financial assistance, the promotion of health and safety and access to suitable accommodation.

Vision

The vision is that of the horseracing industry in which all its people lead fulfilling lives.

Mission

To provide the best possible services in order to promote the well-being of racing people, including employers, employees, the injured and the retired.

Strategic Objective

To provide support to individuals suffering injury, illness, distress, isolation, financial hardship or other disadvantage.

RACING WELFARE
(A company limited by guarantee)

TRUSTEES' REPORT

OBJECTIVES AND ACTIVITIES (continued)

Activities

To achieve the strategic objective the Charity will focus on five main activities

- **Deliver an accessible, responsive and professional counselling and advice service by**
 - sustaining a network of welfare officers to meet the needs of beneficiaries
 - developing resources to help individuals overcome addiction issues
 - engaging a Chaplain to offer support and encouragement to racing's people
- **Provide financial assistance to empower individuals to cope with disability, financial hardship or other disadvantage by**
 - providing financial assistance to those who suffer injury, illness or other disadvantage
 - providing financial assistance to the elderly on minimum levels of income
- **Promote healthy living and well-being by**
 - promoting a fitness scheme and sporting competitions among stable staff
 - educating individuals about healthy lifestyles
 - organising respite breaks for the injured, ill or otherwise incapacitated
 - arranging events and outings to bring racing people together
- **Develop access to good quality affordable housing by**
 - providing affordable accommodation, with appropriate support, to the retired
 - delivering appropriate housing support to 16-21 year olds entering the industry
 - working with others to ensure racing people can access quality affordable accommodation
- **Through communications and advocacy activities, raise awareness of the Charity, its services and the issues it is seeking to address by**
 - disseminating information about the Charity's work
 - influencing key stakeholders in racing, the public sector and the charitable sector

RACING WELFARE

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TRUSTEES' REPORT

OBJECTIVES AND ACTIVITIES (continued)

Activities (continued)

During the course of its work, the Charity makes some grants, especially under the category of financial assistance. All grants are made in accordance with the Charity's objects. Grants are provided to individuals in need who work or have worked in the racing industry and their dependants. Grants are also provided to other charitable organisations that offer services to people who work in, or retired from racing.

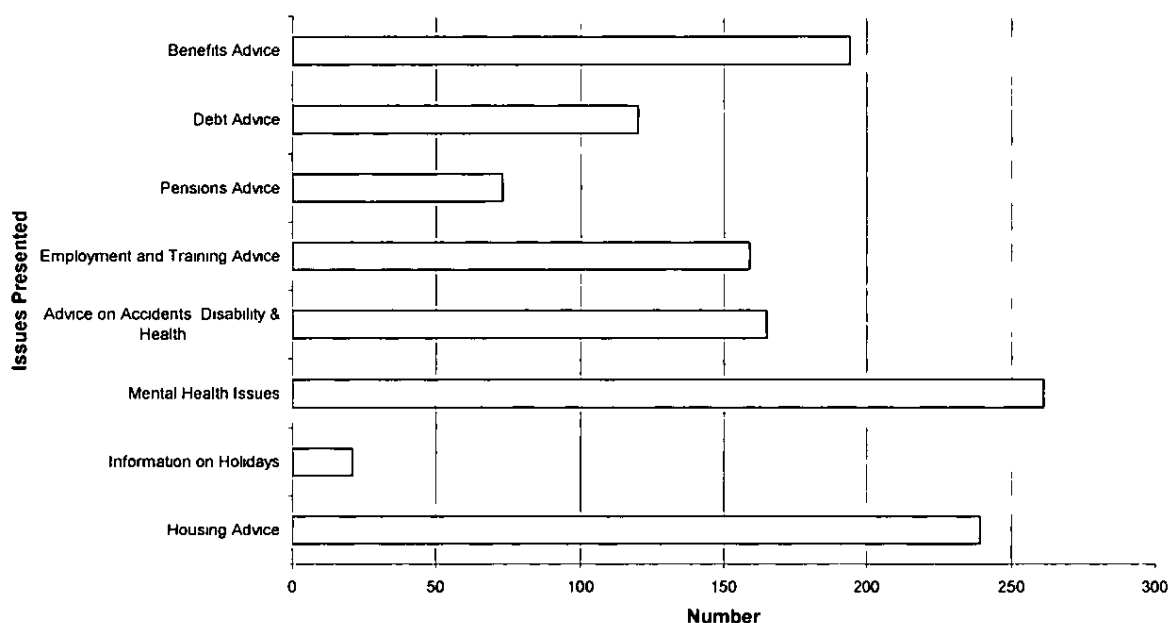
ACHIEVEMENTS AND PERFORMANCE

Counselling and Advice

Welfare Officers play a vital role in meeting the needs of beneficiaries. Their role is to get to the bottom of beneficiaries' problems and help them formulate plans to overcome them. In addition, they promote the Charity's services through their engagement with employers, presentations to the racing schools and involvement with community groups as well as other racing organisations. In 2007, yet more individuals were seen by the Charity's Welfare Officers in the context of formal counselling and advice. Many of these people requested assistance from Racing Welfare on more than one occasion and the total number of issues handled during the year was over 1,000.

The nature of the assistance sought from Welfare Officers is wide ranging and the following table highlights those issues encountered in 2007.

Counselling and Advice Analysis for the Year Ended 31 December 2007



Racing Welfare's emphasis is on empowering individuals to address their own problems, helping them to make informed decisions and to access appropriate resources. In 2007, we set out to develop and implement a framework of welfare policies and practices in order to develop a consistent and quality assured service across the country. Considerable progress has been made with the introduction of clear procedures on the assessment of beneficiaries' needs together with enhanced training for the Charity's Welfare Officers. Systems have been developed to measure the outcomes of the Charity's activities including a user evaluation process. These are being introduced from January 2008.

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TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE (continued)

Counselling and Advice (continued)

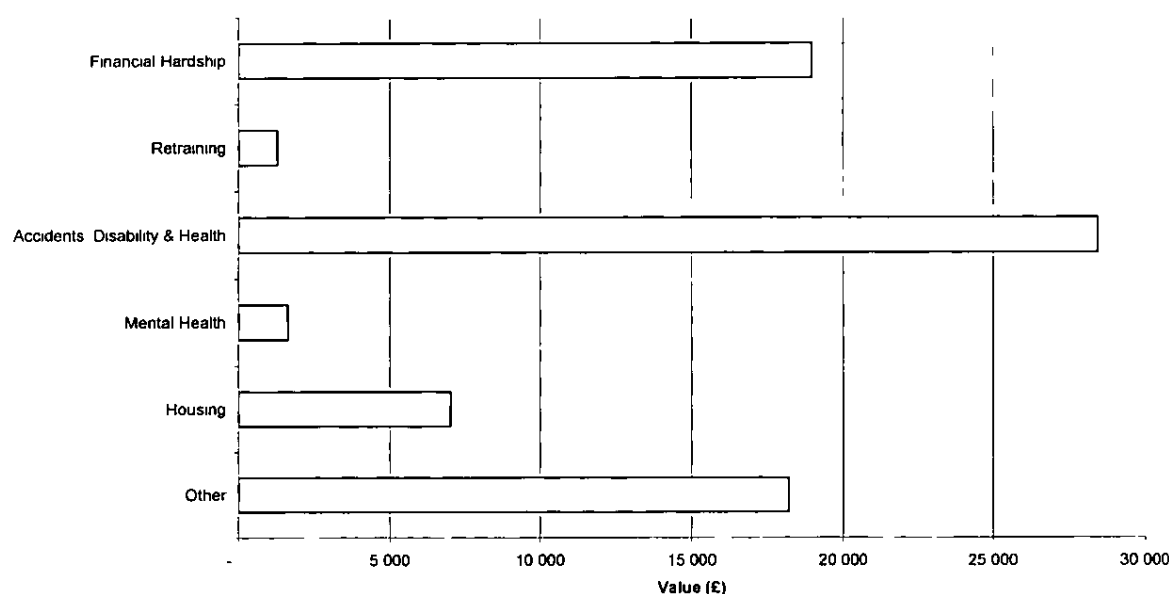
During 2007 the Charity has continued to play a key role in the Newmarket Racing Partnership. This Partnership which includes The Injured Jockeys' Fund, employer organisations and statutory agencies was formed in 2006 in response to the growing concerns around serious social issues within Newmarket's racing community. The Partnership supports the community in developing solutions to the problems it identifies, particularly focusing on addiction support and projects which educate and offer the opportunity for community involvement. The Partnership provides help and advice with any aspect of addiction including exploring options for treatment.

The Charity also continues to provide grant funding to SCORE for the provision of the national Chaplain to Racing, the Reverend Graham Locking. The Chaplain provides pastoral care, encouragement and support for anyone in racing. He seeks to encourage people to make good decisions and set realistic goals. He also visits the British Racing School and Northern Racing College, where youngsters joining the industry begin their training.

Financial Assistance

In 2007, total expenditure on financial assistance was £312k (2006: £301k). The largest rise in expenditure came from welfare and medical grants which increased to £75k (2006: £61k). As the table below demonstrates, the principal reason for grants to beneficiaries is to address mobility or physical health issues. Many of these arise from injuries sustained during the course of work, as a result of many years exposure to the physical challenges of the racing environment, and as a result of ageing.

Financial Assistance to Individuals
Analysis for the Year Ended 31 December 2007



Beneficiaries report a significant improvement in their quality of life as a result of the Charity's financial assistance. Grants for specially adapted wheelchairs mean that permanently disabled beneficiaries can get about more easily, grants for mobility scooters to the elderly mean that they do not become isolated in their own homes, grants for surgery or other medical procedures mean individuals can return to work and ride out again sooner helping to mitigate the effects of reduced income.

RACING WELFARE

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TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE (continued)

Financial Assistance (continued)

In addition to ad hoc medical and welfare grants, Racing Welfare also makes regular quarterly grants to retired individuals where they are assessed as being on minimum levels of income. Whilst these grants relieve financial hardship and allow beneficiaries to experience a better quality of life in their retirement, increasingly it is seen by both beneficiaries and Welfare Officers that targeted grants for specific items, particularly mobility aids or home adaptations, can be a more effective way of providing support. As a result, the amount spent on quarterly grants has reduced to £184k (2006 £202k) whilst the total amount dedicated to individual grants has increased.

Healthy Living and Well-Being

The Charity supported a range of activities in 2007 all designed to promote healthy lifestyles and a sense of community. The level of expenditure incurred on such activities has grown over recent years, reflecting the Charity's belief that they help to prevent problems arising. Poor health, low self esteem, loneliness and depression can all be avoided if individuals are given the opportunity to prosper in a supportive community.

The Charity runs a leisure centre scheme which provides access to local sports facilities at discounted prices. This means that individuals on low levels of income have every opportunity to stay fit and healthy. In 2007, there were over 600 members of the scheme. A survey of members conducted at the beginning of the year identified that 96% of scheme members felt it significantly contributed to the quality of their life.

The Charity also supports a wide range of sporting events and competitions for stable staff. These events provide opportunities for healthy physical pursuits as well as bringing members of the racing community together. Sporting events organised or supported by Racing Welfare in 2007 included:

- Stable Lads Golf Championship at Kilworth Springs Golf Club, Leicestershire
- Victor Chandler Golf Day at Lingfield Park Golf Club
- Three Angling matches at Whittlesey
- Four Angling matches at Lambourn
- Lambourn five-a-side Football tournament at Uffington FC
- Arundel Cricket Day

Each year, the Charity organises holidays for beneficiaries and their carers. In 2007, a holiday to Tenerife was enjoyed by 54 beneficiaries, most of whom had significant disabilities. A week in Tenerife, enjoying the sun and the heated swimming pool at a hotel specifically designed for disabled guests, had a beneficial impact on beneficiaries' physical condition and their sense of well-being. A UK holiday was enjoyed by 34 beneficiaries, most of whom were elderly. Time spent amongst former racing colleagues helps to prevent loneliness for individuals who cannot otherwise afford a holiday, and promotes a sense of community and belonging.

In addition to some of the more high profile activities noted above, the Charity's Welfare Officers support a diverse range of local initiatives designed to support elderly individuals within the community. These activities include day trips to the racecourse and the seaside, coffee mornings and Christmas lunches. Beneficiaries report that these activities make a major contribution to their enjoyment of life in their retirement, giving them the opportunity to get out and about, meet up with former work colleagues and access support and advice from the Charity's Welfare Officers.

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TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE (continued)

Housing

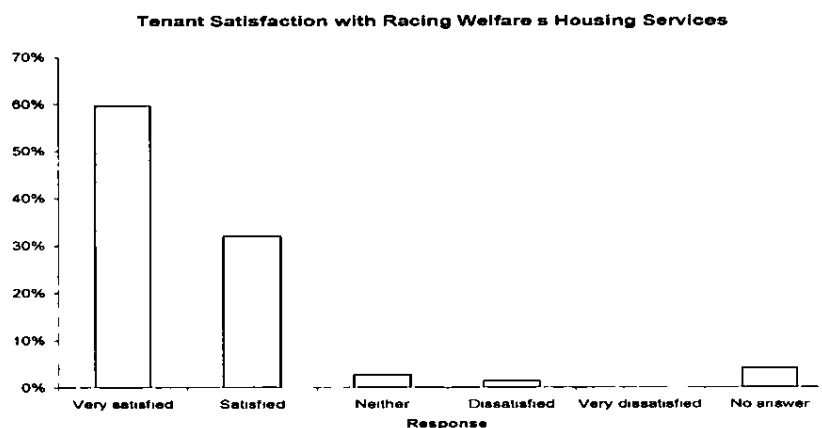
Racing Welfare and its associated charities own and manage a total of 110 properties for the benefit of staff working in or retired from the racing industry and have access to 23 more through nomination rights. Whilst our waiting list continued to grow during 2007 the Charity was able to provide housing to a further 20 individuals from our list.

A key feature of the Charity's housing provision is the support given to residents. For retired staff, this involves drawing up a support plan where appropriate designed to help individuals maintain their independence. For the young, support plans are designed to aid the transition to independent living. During 2007 the Charity completed a total of 32 support plans and reviews.

In January 2008 the Charity conducted a survey to gauge how well it was doing in meeting the needs of residents. The following statistics summarise the results of this survey.

- 92% of residents were satisfied with the housing services provided by Racing Welfare
- 96% were satisfied with the overall quality of their home
- 94% gave a positive view of the community in which they lived
- 72% of retired staff felt that living in a Racing Welfare home helped them to maintain their independence

In a separate survey of local authorities conducted by the Housing Corporation, the Charity's housing association was assessed as providing a very effective housing management service and Suffolk County Council promoted the Charity's sheltered scheme at Jim Joel Court to the Audit Commission as an example of best practice in the 'Supporting People' programme.



The Charity currently has 104 people on its housing waiting list and new housing is required to meet this need. The Charity therefore has an ambitious housing development programme. Since 66 of those on the waiting list are retired, there are plans to develop 37 new units for retired staff over the next five years, at an estimated cost of £3.9m. A further £3m has also been set aside for the development of accommodation for young people.

The development of Wilfred Sherman House (formerly known as Crampton House) in Newmarket is the first contribution towards the planned development programme. Although construction was delayed in 2007, planning permission was eventually received in January 2008 and construction of 5 new units for the retired should be completed by November 2008.

RACING WELFARE **(A company limited by guarantee)**

TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE (continued)

Housing (continued)

Access to affordable accommodation for working staff remains a major concern. Almost a fifth of all beneficiaries contacting the Charity have concerns with housing. The scale of the problem means that the resources required to tackle it are well beyond the means of the Charity alone. We have therefore been working with other racing industry organisations and on behalf of the British Horseracing Authority to develop a scheme to increase the supply of social housing to people working in racing. In February 2007, a seminar was jointly hosted by Racing Welfare and the British Horseracing Board to discuss the issue. Attendees include Elinor Goodman, Chair of the Government's Affordable Rural Housing Commission, David Fursdon, President of the Country Land and Business Association, and Emily Trevor, Director of Affordable Rural Housing for Business in the Community. The Charity has subsequently been working with a national housing association on a proposal to raise finance for the construction of affordable accommodation for racing people. It is hoped that these plans will come to fruition in 2009.

In 2007, we also set out to establish a more appropriate organisational and financial basis for the delivery of affordable accommodation by the Charity. This aimed at improving management efficiency and the ability to access finance to fund future developments. A decision was therefore taken in October 2007 to convert the Stable Lads Welfare Trust Housing Association from an industrial provident society into a charitable company limited by guarantee and making the housing association a directly owned subsidiary of Racing Welfare. This will enable Racing Welfare to transfer its properties to the housing association, thereby consolidating all housing properties under the ownership of one entity. The new association will have its own management board reporting directly to the Board of Racing Welfare. The composition of the board will allow for the appointment of external directors with specific affordable housing experience. The restructuring is scheduled to be completed on 30 April 2008.

Communications and Advocacy

In 2007, we set out to implement a communications strategy which enhances the profile of the Charity throughout racing and enables effective communication with key stakeholders, including beneficiaries, donors, employers and other racing industry organisations.

The Charity's quarterly newsletter is a key means of communication with the Charity's stakeholders. The magazine includes reports from all our Welfare Officers and highlights emerging issues. Over 5,000 copies of the magazine are distributed each quarter.

The Charity's website, www.racingwelfare.co.uk, contains plenty of information on the Charity's services. It is regularly updated so that it remains fresh and relevant. A short video about Racing Welfare has recently been added to the website, providing viewers with information about the Charity. This video has also been distributed to key racing media, so you may see this on your TV soon!

Leaflets and posters informing beneficiaries of the Charity's services are regularly produced and distributed. In 2007, a poster on 'drink, drugs and the workplace' was distributed to employers for display and a leaflet addressing suicide issues was also made available.

The Lifetime in Racing series, which is supported by the Racing Post and Blue Chip, continues to sustain the profile of the Charity whilst paying tribute to retired staff who have given a lifetime's service to the racing industry. Beneficiaries are invited to a racecourse where a race is named after them, they present the trophy to the winning owner and themselves receive a memento of the day often presented by a trainer with whom they have worked. The beneficiaries always have a fantastic day out. In 2007, 15 beneficiaries participated in the scheme and the Charity continues to be grateful for the generous support of the sponsors and the racecourses.

In addition to its own initiatives the Charity has sought to work with others in making the case for measures to enhance the wellbeing of racing people. Through membership of the Stud and Stable Staff Commission Steering Group chaired by Baroness Mallett QC and the British Horseracing Authority's Lifestyle and Welfare Forum the Charity has been able to influence the industry's agenda for people. As well as its work on affordable accommodation the Charity has influenced work to ensure appropriate accident cover for unpaid staff, proposals for wellbeing and fitness programmes and is supporting research associated with osteoporosis in stable staff.

RACING WELFARE

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TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE (continued)

Fundraising

In 2007 we set out to develop a robust income generation strategy which meets the needs of the endorsed forward programme at an acceptable level of risk. The strategy is now being implemented with efforts focussed on fundraising activities that will generate reliable income over a sustained period. Building long-term relationships will be a key factor in achieving this goal. The strategy also seeks to raise funds from an increasingly diverse range of sources, thereby reducing risk in fundraising.

The highlight of 2007 was the £2.5m donation received from Trinity Mirror Group plc as a result of the sale of the Racing Post newspaper. His Highness Sheikh Mohammed bin Rashid al Maktoum was instrumental in making this donation possible and we are extremely grateful to him. The funds mean that capital projects that might otherwise have awaited a major fundraising appeal can now be brought forward.

The Charity organised a number of fundraising events during the year, many of which are now well established annual fixtures. Fundraising events held in 2007 included:

- Flora London Marathon
- Annual Woburn Golf Tournament
- Team Go-Karting at Sandown Park
- Annual Wimbledon Greyhound Evening
- Sarah Faberge Egg Launch
- Joint raceday with the Ormiston Trust at Newmarket racecourse
- Newmarket Golf Competition at the Links Golf Club
- Kenya Trek
- Haydock Park, raceday
- Carol Concert at Tattersalls, Newmarket

The Charity has also benefited from the enthusiasm, energy and commitment of a number of volunteer fundraisers. Not least, Richard Dunwoody, who made the first unsupported trip to the South Pole, a journey of 680 miles in 48 days pulling a sled of up to 17 stone. Richard raised funds for Racing Welfare, as well as for Spinal Research and SPARKS. Following a previous expedition in 2005 by another Trustee, Roger Weatherby, Racing Welfare is unique in having two conquerors of the South Pole as serving trustees.

The Friends of Racing Welfare scheme continues to play an important role, providing a reliable source of income for the Charity as well as helping us to engage with our supporters. In 2007, there were over 300 members.

The Charity also received support from a number of trusts and foundations in 2007 many of which are long standing supporters of our work. The Childwick Trust again contributed £200k in 2007 and the Alborada Trust and the Sir Peter O'Sullivan Charitable Trust also made significant donations during the year.

A unique fundraising event was held at the two thousand Guineas meeting. Sarah Faberge, great grand daughter of Carl Faberge, jeweller to the Tsars, designed the 'Winner's Egg'. Lord Derby purchased the first of a limited edition which are individually made and can incorporate owner's unique racing colours.

RACING WELFARE

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TRUSTEES' REPORT

FINANCIAL REVIEW

In 2007, total expenditure by the Charity was £1.8m (2006 £1.7m), with expenditure on charitable activities increasing to £1.4m (2006 £1.3m). This represents another increase in annual expenditure as the Charity responds to a growing demand for its services. Expenditure has increased across all charitable activities with the largest area of expenditure being counselling and advice services, including the costs of employing our team of Welfare Officers.

In terms of incoming resources, the receipt of £2.5m from Trinity Mirror Group plc, as a result of the sale of the Racing Post newspaper, was clearly the highlight of the year, contributing to total income of £4.3m (2006 £1.6m). With an extraordinary receipt of this nature careful consideration was required to consider how best to use these funds. The Trustees have decided to designate much of these funds towards guaranteeing future financial assistance payments and to capital projects, particularly the development of accommodation for the young and the elderly. This means that such developments are no longer dependent on raising funds through a capital appeal.

The Charity's portfolio of investments performed well in 2007 generating a total return of 7.7% (2006 10.3%) against the benchmark of 6.3% (2005 11.2%). This resulted in net gains on investments of £0.5m (2006 £0.7m). Although some of these gains have been reversed in the first quarter of 2008, during a period of considerable volatility in financial markets, the Charity remains a long term investor.

Overall, the Charity saw a net movement in funds of £2.9m (2006 £0.7m). However, given the transfer of funds to designated reserves, general reserves actually decreased to £1.9m (2006 £2.6m). This means that the Charity still requires income from other sources to sustain its day to day services and continues to be entirely reliant on voluntary contributions in order to support its beneficiaries.

Reserves Policy

The Trustees have taken the view that to ensure continuing operations with a fluctuating income stream, the Charity needs to hold general reserves equivalent to at least six months' forward expenditure. General reserves exclude restricted funds and designated funds.

In 2007, the Charity made a number of changes to its designation of funds. £2.4m was transferred from general reserves to the designated income fund to ensure that sufficient investment income is generated over the long term to meet calls upon the Charity for grant payments. These additional funds mean that the income fund now stands at £8.4m (2006 £6m), enough to generate annual investment income sufficient to cover ongoing annual grant expenditure.

A further designation of £1.1m was made to the housing development fund. These additional funds mean that the housing development fund now stands at £4.1m, enough to proceed with a development programme of £6.9m, assuming further funds are raised through loan finance. The £6.9m programme includes the development of approximately 37 units of accommodation for the elderly and 30 units of supported accommodation for young people entering the racing industry.

The Trustees also designate funds for fixed assets. The fixed asset reserve sets aside funds equivalent to the net book value of fixed assets (excluding investments) and is intended to highlight the reserves allocated for such use. The funds would only become available if the assets were disposed of. As at 31 December 2007, the fund was £7.9m (2006 £7.8m).

As a result of these fund designations the balance of general reserves was £1.9m as at 31 December 2007 (2006 £2.6m). This represents approximately 12 months forward expenditure, enough to ensure the Charity can survive any short term unforeseen fall in income.

Investment Policy

The Charity's investment policy is directed by the finance sub-committee of the Board and investments are managed by Newton Investment Management Limited. The majority of investments are held for the long term and these are held in the 'main portfolio'. There are, however, some funds that have been invested with shorter time horizons and these investments require different investment objectives.

For the main investment portfolio, the investment objectives require a balance of income and capital growth and no specific investment restrictions or ethical requirements have been set. The benchmark for the Newton Investment Management Limited portfolio is a composite benchmark, comprising 20% FTA Government All Stocks index, 60% FTSE All-Share Index and 20% FTSE World ex UK (£) index. Monthly income is paid away from the main portfolio. Income from the Bentinck, Beresford & Rendlesham portfolio is paid into the main portfolio and the income from the Rous portfolio is currently accumulated.

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TRUSTEES' REPORT

FINANCIAL REVIEW (continued)

Investment Policy (continued)

For investments held for the housing capital development projects, where funds may need to be drawn down in the medium term, the investment objectives require a return of at least 2% above cash over rolling three-year periods, with relatively low volatility. To achieve this objective, funds are invested in the Newton Phoenix Fund which invests in a broad range of asset classes including equities, bonds, commercial property, private equity, hedge funds and commodities.

PLANS FOR THE FUTURE

The plan for 2008 is underpinned by four key strategic themes

- Enhanced support to young people entering racing
- Improved provision for the frail, elderly and disabled
- Enabling more affordable accommodation
- Reducing risk in fund raising

Counselling and Advice

The Charity seeks to drive forward continual improvement in the delivery of its services, particularly to the elderly and to young people. In 2008, we specifically aim to achieve the following

- Set up a 24 hour helpline staffed by Welfare Officers
- Develop the skills of the Welfare Officers with the aim of gaining appropriate accreditation

Financial Assistance

- Use financial resources to empower beneficiaries to address their own problems

Healthy Living and Well-Being

- Develop a more coherent approach to community activities including sport and leisure

Housing

- Enhance tenant involvement
- Establish the new Housing Association and consolidate property ownership under this entity
- Deliver the Wilfred Sherman House development to specification and cost
- Progress projects to develop more affordable accommodation for retired staff and young people
- Work closely with the BHA and others to deliver more opportunities for affordable homes for racing people

Communications and Advocacy

- Deliver a portfolio of campaigns to highlight the needs of the Charity's beneficiaries

Fundraising

- Develop income streams from trusts, foundations and sustainable businesses
- Encourage the greater involvement of volunteers
- Develop closer and more effective relationships with other Jockey Club enterprises and other significant corporate bodies within racing

RACING WELFARE
(A company limited by guarantee)

TRUSTEES' REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and the group and of the incoming resources and application of the resources of the group for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation

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

AUDITORS

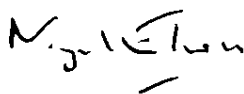
In the case of each of the persons who are trustees of the company at the date when this report is approved

- so far as each of the trustees is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Charity's auditors are unaware, and
- each of the trustees has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information (as defined) and to establish that the Charity's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

This report was approved by the Board on



Nigel Elwes

Chairman

17 April 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RACING WELFARE

(A company limited by guarantee)

We have audited the group and parent charitable company financial statements (the "financial statements") of Racing Welfare for the year ended 31 December 2007 which comprise the consolidated statement of financial activities, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's member, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it in an auditors' 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees, (who are also the directors of Charity for the purposes of company law), for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RACING
WELFARE**

(A company limited by guarantee) (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and the parent charitable company's affairs as at 31 December 2007 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the trustees' report is consistent with the financial statements



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Cambridge, United Kingdom

22 April 2008

RACING WELFARE
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)
Year ended 31 December 2007

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2007 £'000	Total funds 2006 £'000
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income						
Donations and gifts	2	2,695	22	-	2,717	102
Legacies	3	55	-	-	55	101
Grants	4	238	22	-	260	249
Activities for generating funds						
Fundraising events and trading		356	-	-	356	380
Investment income	5	419	-	47	466	417
Incoming resources from charitable activities						
Housing		377	-	-	377	344
Healthy living and well-being		35	-	-	35	30
Other incoming resources		<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
TOTAL INCOMING RESOURCES		<u>4,181</u>	<u>44</u>	<u>47</u>	<u>4,272</u>	<u>1,629</u>
RESOURCES EXPENDED						
Cost of generating funds						
Cost of generating voluntary income						
Fundraising		138	-	-	138	155
Fundraising trading						
Fundraising events and trading costs		158	-	-	158	123
Investment management costs		49	-	8	57	60
		<u>345</u>	<u>-</u>	<u>8</u>	<u>353</u>	<u>338</u>
Charitable activities						
Counselling and advice		403	33	-	436	414
Financial assistance		301	11	-	312	301
Healthy living and well-being		180	-	-	180	160
Housing		416	-	-	416	432
Communications and advocacy		81	-	-	81	-
		<u>1,381</u>	<u>44</u>	<u>8</u>	<u>1,425</u>	<u>1,307</u>
Governance		<u>71</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>31</u>
TOTAL RESOURCES EXPENDED	7	<u>1,797</u>	<u>44</u>	<u>8</u>	<u>1,849</u>	<u>1,676</u>
NET INCOMING (OUTGOING) RESOURCES BEFORE TRANSFERS						
		2,384	-	39	2,423	(47)
Transfers between funds	19	<u>59</u>	<u>(12)</u>	<u>(47)</u>	<u>-</u>	<u>-</u>
NET INCOMING (OUTGOING) RESOURCES carried forward		2,443	(12)	(8)	2,423	(47)

RACING WELFARE
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) (continued)
Year ended 31 December 2007

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total funds 2007 £'000	Total funds 2006 £'000
NET INCOMING (OUTGOING)						
RESOURCES brought forward		2,443	(12)	(8)	2,423	(47)
Gains on investment assets	13	455	-	50	505	723
NET MOVEMENTS IN FUNDS		2,898	(12)	42	2,928	676
Balances brought forward						
1 January 2007		19,429	16	1,332	20,777	20,101
Balances carried forward						
31 December 2007	19	22,327	4	1,374	23,705	20,777

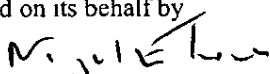
All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above and so a statement of total realised gains and losses has not been prepared.

RACING WELFARE
(A company limited by guarantee)

CONSOLIDATED AND CHARITY BALANCE SHEETS
31 December 2007

	Note	2007		2006	
		Group £'000	Charity £'000	Group £'000	Charity £'000
FIXED ASSETS					
Intangible fixed assets	11	186	186	188	188
Tangible fixed assets	12	7,541	4,491	7,487	4,388
Investments					
Investments	13	12,490	10,445	11,151	9,177
Programme related investments	14	148	148	150	150
		<u>20,365</u>	<u>15,270</u>	<u>18,976</u>	<u>13,903</u>
CURRENT ASSETS					
Stocks		-	-	1	-
Debtors	15	218	223	339	323
Short term deposits	16	3,257	3,155	1,585	1,515
Cash at bank and in hand		131	110	82	70
		<u>3,606</u>	<u>3,488</u>	<u>2,007</u>	<u>1,908</u>
CREDITORS: amounts falling due within one year	17	<u>(169)</u>	<u>(256)</u>	<u>(109)</u>	<u>(162)</u>
NET CURRENT ASSETS		<u>3,437</u>	<u>3,232</u>	<u>1,898</u>	<u>1,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,802</u>	<u>18,502</u>	<u>20,874</u>	<u>15,649</u>
CREDITORS: amounts falling due after more than one year	18	<u>(97)</u>	<u>-</u>	<u>(97)</u>	<u>-</u>
NET ASSETS		<u>23,705</u>	<u>18,502</u>	<u>20,777</u>	<u>15,649</u>
FUNDS					
Unrestricted funds					
General fund		1,902	1,463	2,621	1,924
Revaluation reserve		5,642	2,906	6,003	3,295
Other designated funds		14,783	14,129	10,805	10,414
Total unrestricted funds	19	22,327	18,498	19,429	15,633
Restricted funds	19	4	4	16	16
Endowment funds	19	1,374	-	1,332	-
TOTAL FUNDS		<u>23,705</u>	<u>18,502</u>	<u>20,777</u>	<u>15,649</u>

The financial statements on pages 18 to 36 were approved by the Board of Trustees on 17 April 2008 and signed on its behalf by


Nigel Elwes (Chairman)

RACING WELFARE
(A company limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Net cash inflow from operating activities	23	2,723	121
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(170)	(14)
Purchase of investments		(5,141)	(3,053)
Proceeds from sale of investments		4,307	3,213
Purchase of programme related investments		-	(150)
Repayment of programme related investments		2	-
		(1,002)	(4)
Net cash inflow before increase in liquid resources		1,721	117
Management of liquid resources			
Increase in short term deposits		(1,672)	(81)
Increase in cash in the year	23	49	36

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of certain fixed assets and investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and with applicable United Kingdom accounting standards.

The group has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Charity's activities.

Consolidated accounts

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity, its subsidiary undertaking and entities of which it has control. The results of the subsidiaries are consolidated on a line by line basis.

A separate SOFA has not been presented for the Charity as permitted by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received. Where there is a life interest, the donated asset is excluded until the life interest expires (note 3).

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

The costs of activities in furtherance of the Charity's objects include costs directly incurred in undertaking these activities. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

Governance costs are those incurred in connection with the governance arrangements for the Charity, including audit and legal costs.

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. Single or multi year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside of the control of the Charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

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 Charity 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 Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

Endowment funds represent funds received in the past where the donors have stipulated that the income may be used for general purposes, but the capital must be retained.

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

1. ACCOUNTING POLICIES (continued)

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expense for which it was incurred.

Intangible fixed assets

Nomination rights cover the right to nominate 6 residents to Childwick House and are depreciated in equal amounts over a period of 125 years. They are stated at net book value less provision for impairment.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £250 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:

Freehold land	nil
Freehold and long leasehold buildings	over 50 years
Project and office equipment	over 3 to 4 years

Revaluation

Freehold land and buildings are revalued every five years to open market in accordance with Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Interim valuations are carried out in year three of the five year cycle or when a valuation is required for a specific purpose.

Investments

Investments in subsidiaries are stated at cost less provision for any impairment. Investments listed at the stock exchange are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Pensions

Pension costs disclosed in the accounts relate to employer contributions towards employees' stakeholder and personal pension schemes. The Charity does not operate its own pension scheme.

2. DONATIONS AND GIFTS

	2007 £'000	2006 £'000
Individuals	106	57
Corporate donors	2,611	45
	<u>2,717</u>	<u>102</u>

Income from corporate donors includes a one-off gift of £2,500,000 which was donated with no restrictions placed upon it.

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

3. LEGACIES

The Charity received legacies from three individuals totalling £55,000 (2006 - £100,500 from two individuals)

The Bentinck, Beresford and Rendlesham Charity is entitled to a share in a legacy in which a third party currently holds a life interest. The legacy is currently held in trust, with the Charity set to benefit from 50% of the trust's value when the life interest expires. The total capital value of the trust, as at 5 April 2007, was £559,855 (5 April 2006 £546,063)

Racing Welfare is entitled to a legacy in which a third party holds a life interest. The entitlement originated with the Stable Lads Welfare Trust in 2002 prior to the amalgamation of that Charity with Racing Welfare. The legacy relates to a property in Wales with the Charity set to benefit when the life interest expires. The value of the property as at August 2002, the last available valuation, was £60,000

4 GRANTS RECEIVABLE

	2007 £'000	2006 £'000
Trusts and foundations	260	244
Government	-	5
	<u>260</u>	<u>249</u>

5. INVESTMENT INCOME

	2007 £'000	2006 £'000
Interest receivable	195	143
Dividends received from equity shares	236	237
Dividends received from investment and unit trusts	35	37
	<u>466</u>	<u>417</u>

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

6. GRANTS PAYABLE

Grants payable are analysed as follows

	Grants to Individuals 2007 £'000	Grants to Organ- isations 2007 £'000	Total 2007 £'000	Total 2006 £'000
Counselling and advice	-	43	43	28
Financial support	259	31	290	301
Sports and leisure	-	30	30	30
	<u>259</u>	<u>104</u>	<u>363</u>	<u>359</u>

During the year the following grants were made

	Total 2007 £'000	Total 2006 £'000
Payments to 324 individuals (2006 - 338)	259	273
New Astley Club	30	30
Sports Chaplaincy Offering Resources and Encouragement (‘SCORE’)	43	28
British Horseracing Authority - Medical Research	10	-
Ormiston Trust	4	10
Centaur Project	9	9
Newmarket Citizens Advice Bureau	3	3
Newmarket Day Centre	3	3
Newmarket Open Door	1	1
Gatehouse	1	1
Other	-	1
	<u>363</u>	<u>359</u>

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

7. TOTAL RESOURCES EXPENDED

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2007 £'000	Total 2006 £'000
Cost of generating funds					
Cost of generating voluntary income					
Fundraising	104	-	34	138	155
Fundraising trading					
Events and trading costs	158	-	-	158	123
Investment management costs	57	-	-	57	60
Charitable activities					
Counselling and advice	294	43	99	436	414
Financial support	3	290	19	312	301
Healthy living & well-being	143	30	7	180	160
Housing	367	-	49	416	432
Communications and advocacy	67	-	14	81	
Governance	66	-	5	71	31
TOTAL RESOURCES EXPENDED	<u>1,259</u>	<u>363</u>	<u>227</u>	<u>1,849</u>	<u>1,676</u>

Included within governance costs are audit fees of £16,000 (2006 - £16,000)

Governance costs include legal fees incurred in preparing for the restructuring of housing activities and the constitutional changes to the Stable Lads Welfare Trust Housing Association (see note 27 on post balance sheet event)

	Human Resources £'000	Admin costs £'000	Premises costs £'000	IT costs £'000	Total 2007 £'000	Total 2006 £'000
Support costs allocation						
Cost of generating funds						
Cost of generating voluntary income	24	5	2	3	34	61
Charitable activities						
Counselling and advice	69	15	7	8	99	151
Financial assistance	13	3	1	2	19	-
Healthy living and well-being	4	1	1	1	7	-
Housing	34	8	3	4	49	52
Communications and advocacy	10	2	1	1	14	-
Governance	3	1	1	-	5	-
TOTAL SUPPORT COSTS	<u>157</u>	<u>35</u>	<u>16</u>	<u>19</u>	<u>227</u>	<u>264</u>

Support costs are allocated on the basis of the number of staff working directly on charitable activities, residing at the Charity's head office

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

8. TRUSTEES' REMUNERATION

No remuneration nor out of pocket expenses were paid to trustees during the year or the preceding year

9 STAFF COSTS

	2007 £'000	2006 £'000
Wages and salaries	546	423
Social security costs	51	40
Pension costs	15	13
	<u>612</u>	<u>476</u>

In 2007, no employees earned over £60,000 per annum (2006 Nil)

The average number of employees, calculated on a full time equivalent basis, analysed by function, was

	2007 No	2006 No
Charitable activities	14	12
Fundraising	2	2
Management and administration of the Charity	5	4
	<u>21</u>	<u>18</u>

10. PENSION COSTS

The Charity contributes to various money purchase pension schemes, including a stakeholder pension scheme operated by an independent organisation. The cost for the year of £15,000 (2006 - £13,000) represents 5% of salary for participating employees

11. INTANGIBLE FIXED ASSETS

	Nomina- tion rights £'000
CHARITY AND GROUP	
Cost	
At 1 January 2007 and at 31 December 2007	198
Amortisation	
At 1 January 2007	10
Charge for year	2
	<u>12</u>
At 31 December 2007	<u>186</u>
Net book value	
At 31 December 2007	<u>186</u>
At 31 December 2006	<u>188</u>

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

12. TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

GROUP	Freehold land and buildings £'000	Leasehold buildings £'000	Project and office equipment £'000	Total £'000
Cost or valuation				
At 1 January 2007	7,146	455	110	7,711
Additions	168	-	2	170
At 31 December 2007	<u>7,314</u>	<u>455</u>	<u>112</u>	<u>7,881</u>
At cost	-	-	112	112
At valuation	<u>7,314</u>	<u>455</u>	<u>-</u>	<u>7,769</u>
	<u>7,314</u>	<u>455</u>	<u>112</u>	<u>7,881</u>
Depreciation				
At 1 January 2007	130	12	82	224
Charge for the year	93	9	14	116
At 31 December 2007	<u>223</u>	<u>21</u>	<u>96</u>	<u>340</u>
Net book value				
At 31 December 2007	<u>7,091</u>	<u>434</u>	<u>16</u>	<u>7,541</u>
At 31 December 2006	<u>7,016</u>	<u>443</u>	<u>28</u>	<u>7,487</u>

Freehold and leasehold properties of Racing Welfare, the Stable Lads Welfare Trust Housing Association and The Rous Charity were revalued as at 5 August 2005 by Smiths Gore, Chartered Surveyors. The freehold and leasehold properties of Racing Welfare and the Rous Charity were revalued on a market value basis in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. The residential properties of the Stable Lads Welfare Trust Housing Association were revalued on the basis of Existing Use Value for Social Housing (EUV-SH). The Trustees are not aware of any material change in the value of these properties since the last valuations.

Freehold land and buildings includes freehold land of £2,428,000 that is not depreciated.

Historical cost	Freehold land and buildings £'000	Leasehold buildings £'000	Project and office equipment £'000	Total 2007 £'000	Total 2006 £'000
Cost	3,687	184	112	3,983	3,813
Accumulated depreciation	(329)	(33)	(96)	(458)	(392)
Net book value	<u>3,358</u>	<u>151</u>	<u>16</u>	<u>3,525</u>	<u>3,421</u>

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

12. TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY (continued)

CHARITY	Freehold land and buildings £'000	Project and office equipment £'000	Total £'000
Cost or valuation			
At 1 January 2007	4,445	72	4,517
Additions	168	2	170
At 31 December 2007	4,613	74	4,687
Depreciation			
At 1 January 2007	79	50	129
Charge for the year	57	10	67
At 31 December 2007	136	60	196
Net book value			
At 31 December 2007	4,477	14	4,491
At 31 December 2006	4,366	22	4,388

Freehold land and buildings includes freehold land of £1,535,000 that is not depreciated

13. INVESTMENTS HELD AS FIXED ASSETS

	2007		2006	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Listed securities				
Market value at 1 January	11,123	9,149	10,560	8,761
Additions	5,141	4,567	3,053	2,559
Disposal proceeds	(4,307)	(3,725)	(3,213)	(2,764)
Net investment gains	505	426	723	593
Market value at 31 December	12,462	10,417	11,123	9,149
Historical cost at 31 December	10,835	7,218	9,218	7,582
Listed investments are represented by				
Fixed interest securities	1,118	920	1,256	1,036
Equity shares	7,649	6,315	7,837	6,584
Investment trusts and unit trusts	3,695	3,182	2,030	1,529
Total listed investments	12,462	10,417	11,123	9,149
Trophies	28	28	28	28
	12,490	10,445	11,151	9,177

RACING WELFARE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

13. INVESTMENTS HELD AS FIXED ASSETS (continued)

Investments are represented by:

GROUP

	2007 £'000	2006 £'000
Investments listed on a recognised stock exchange		
UK equities	5,412	6,043
UK Government and fixed interest securities	1,189	1,349
UK unit trusts	2,010	-
Overseas holdings	3,298	3,475
Overseas unit trusts	553	256
	<u>12,462</u>	<u>11,123</u>

CHARITY

	2007 £'000	2006 £'000
Investments listed on a recognised stock exchange		
UK equities	4,459	5,069
UK Government and fixed interest securities	988	1,126
UK unit trusts	2,010	-
Overseas holdings	2,721	2,706
Overseas unit trusts	239	248
	<u>10,417</u>	<u>9,149</u>

A material individual investment is held within Racing Welfare's portfolio in the Newton Phoenix 'B' Fund Account with a market value as at 31 December 2007 of £2,009,636 (2006 - £nil)

Investments in subsidiaries:

The company holds all the share capital of the following company

	Activities
Racing Welfare (Enterprises) Limited	Sale of merchandise Marketing of affinity cards Provision of horse trekking holidays Residential property lettings and management

The company is registered in England and Wales and has a co-terminous year end

14. PROGRAMME RELATED INVESTMENTS

	2007		2006	
	Group £'000	Charity £'000	Group £'000	Charity £'000
At 1 January 2007	150	150	-	-
Additions	-	-	150	150
Capital repayments	(2)	(2)	-	-
At 31 December 2007	<u>148</u>	<u>148</u>	<u>150</u>	<u>150</u>

The programme related investment is a loan made to the Epsom Training and Development Fund in 2006 to facilitate the provision affordable housing to racing staff in Epsom. The loan term is 25 years and interest is accrued at the Bank of England base rate plus 0.1%

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15. DEBTORS

	2007		2006	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Trade debtors	36	36	57	54
Sundry debtors	94	103	131	125
Prepayments and accrued income	88	84	151	144
	<u>218</u>	<u>223</u>	<u>339</u>	<u>323</u>

Sundry debtors comprise secured loans of £61,000 (2006 - £61,000) These loans, made for charitable purposes, are secured by legal charge over property

The Charity sundry debtors balance contains amounts due from connected charities of £13,000 (2006 - £4,000)

16. SHORT TERM DEPOSITS

	2007		2006	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Deposit accounts and treasury deposits	2,275	2,244	1,317	1,255
Cash held by investment managers	982	911	268	260
	<u>3,257</u>	<u>3,155</u>	<u>1,585</u>	<u>1,515</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007		2006	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Trade creditors	48	47	19	19
Taxation and social security costs	5	5	14	14
Sundry creditors	44	144	11	79
Accruals and deferred income	72	60	65	50
	<u>169</u>	<u>256</u>	<u>109</u>	<u>162</u>

Charity sundry creditors includes amounts due to connected charities of £102,000 (2006 - £71,000)

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007		2006	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Mortgage on Jack Jarvis Close	<u>97</u>	<u>-</u>	<u>97</u>	<u>-</u>
Analysis of mortgage repayable by instalments				
Between two and five years	1	-	1	-
After five years	<u>96</u>	<u>-</u>	<u>96</u>	<u>-</u>
	<u>97</u>	<u>-</u>	<u>97</u>	<u>-</u>

The mortgage on Jack Jarvis Close is secured on those properties, bears interest at 15% per annum and is repayable over a period of 60 years from 1980

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NOTES TO THE FINANCIAL STATEMENTS
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19 STATEMENT OF FUNDS

GROUP	At 1 January 2007 £'000	Income £'000	Expendi- ture £'000	Investment gains £'000	Transfers £'000	At 31 December 2007 £'000
General reserve	2,621	4,181	(1,797)	455	(3,558)	1,902
Designated funds:						
Income fund	6,000	-	-	-	2,400	8,400
Fixed asset fund	7,825	-	-	-	50	7,875
Housing development fund	2,983	-	-	-	1,127	4,110
Rous Extraordinary repairs fund	-	-	-	-	40	40
Total unrestricted funds	19,429	4,181	(1,797)	455	59	22,327
Restricted funds						
Building projects	12	-	-	-	(12)	-
Welfare projects	4	44	(44)	-	-	4
Total restricted funds	16	44	(44)	-	(12)	4
Endowment funds						
	1,332	47	(8)	50	(47)	1,374
Total funds	20,777	4,272	(1,849)	505	-	23,705

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

CHARITY	At 1 January 2007 £'000	Income £'000	Expendi- ture £'000	Investment gains £'000	Transfers £'000	At 31 December 2007 £'000
General reserve	1,924	4,056	(1,629)	426	(3,314)	1,463
Designated funds:						
Income fund	6,000	-	-	-	2,100	8,100
Fixed asset fund	4,726	-	-	-	99	4,825
Housing development fund	2,983	-	-	-	1,127	4,110
Total unrestricted funds	15,633	4,056	(1,629)	426	12	18,498
Restricted funds						
Building projects	12	-	-	-	(12)	-
Welfare projects	4	44	(44)	-	-	4
Total restricted funds	16	44	(44)	-	(12)	4
Total funds	15,649	4,100	(1,673)	426	-	18,502

A revaluation reserve as required by Companies Act 1985, is disclosed on the face of the balance sheet. The revaluation reserve represents the amount by which fixed assets exceed their historical cost. The value of the revaluation reserve is included in the designated funds listed above. In relation to the Group specifically £1,626,000 (2006 - £1,937,000) in the income fund and £4,016,000 (2006 - £4,066,000) in the fixed asset fund. In respect of the Charity, specifically £1,199,000 (2006 - £1,567,000) in the income fund and £1,707,000 (2006 - £1,728,000) in the fixed asset fund.

The general reserve represents the free funds of the Charity which are not designated for particular purposes.

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19. STATEMENT OF FUNDS (continued)

The income fund represents funds set aside to produce investment income to finance the long term grant expenditure

The fixed asset fund sets aside funds equivalent to the net book value of both tangible and intangible fixed assets, excluding fixed asset investments, and is intended to highlight the reserves allocated for such use

The housing development fund sets aside funds for the capital housing development projects

The extraordinary repairs fund is held by the Rous Charity for exceptional repairs and maintenance costs

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds	Designated Funds (including revaluation reserve)	General Funds	Total Funds 2007	Total Funds 2006
GROUP	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	-	186	-	186	188
Tangible fixed assets	-	7,541	-	7,541	7,487
Investments	1,374	11,116	-	12,490	11,151
Programme related investments	-	148	-	148	150
Current assets	4	1,436	2,168	3,606	2,007
Current liabilities	-	-	(169)	(169)	(109)
Long term liabilities	-	-	(97)	(97)	(97)
Total net assets	1,378	20,425	1,902	23,705	20,777
CHARITY					
Intangible fixed assets	-	186	-	186	188
Tangible fixed assets	-	4,491	-	4,491	4,388
Investments	-	10,445	-	10,445	9,177
Programme related investments	-	148	-	148	150
Current assets	4	1,765	1,719	3,488	1,908
Current liabilities	-	-	(256)	(256)	(162)
Total net assets	4	17,035	1,463	18,502	15,649

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NOTES TO THE FINANCIAL STATEMENTS
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21 FINANCIAL ACTIVITIES OF THE CHARITY

The financial activities shown in the consolidated statement of financial activities and income and expenditure account include those of the Charity's subsidiaries as outlined in note 22

A summary of the financial activities undertaken by the Charity is set out below

	2007 £'000	2006 £'000
Gross incoming resources	4,100	1,471
Total expenditure on charitable activities	(1,263)	(1,131)
Total costs of generating funds	(344)	(327)
Governance costs	(65)	(25)
Investment gain	425	593
	<u>2,853</u>	<u>581</u>
Net incoming resources		
	2,853	581
Total funds brought forward	15,649	15,068
	<u>18,502</u>	<u>15,649</u>
Total funds carried forward		
	<u>18,502</u>	<u>15,649</u>
Represented by		
Restricted income funds	4	16
Unrestricted income funds	18,498	15,633
	<u>18,502</u>	<u>15,649</u>

22 SUBSIDIARY UNDERTAKINGS

Racing Welfare presents a SOFA (incorporating an income and expenditure account) in which the results of its subsidiary undertakings are consolidated on a line by line basis. All of its subsidiary undertakings have activities or charitable objectives in line with those of Racing Welfare, and are all managed with the purpose of serving jockeys, horseracing stable staff, racehorse trainers, those associated with the horseracing and thoroughbred breeding industries, their employees and dependants.

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22 SUBSIDIARY UNDERTAKINGS (continued)

	Racing Welfare (Enterprises) Limited		The Stable Lads Welfare Trust		The Rous Charity		The Bentick, Beresford and Redlesham Charity	
	100% share capital owned by Racing Welfare		Housing Association Management Committee controlled by Charity		Controlled by Charity as sole trustee		Controlled by Charity as sole trustee	
Activities and objectives	Commercial trading in line with the objects of the Charity		Provision of housing		Provision of almshouses		Relief and support for individuals	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Turnover	29	3	122	115	n/a	n/a	n/a	n/a
Cost of sales/operating costs	(24)	(2)	(116)	(131)	n/a	n/a	n/a	n/a
Administrative expenses	(1)	(1)	-	-	n/a	n/a	n/a	n/a
Net interest receivable (payable)	-	-	(11)	(12)	n/a	n/a	n/a	n/a
Net profit (loss)	4	-	(5)	(28)	n/a	n/a	n/a	n/a
Gross incoming resources	n/a	n/a	n/a	n/a	44	41	62	56
Total expenditure on charitable activities	n/a	n/a	n/a	n/a	(35)	(36)	(63)	(56)
Total costs of generating funds	n/a	n/a	n/a	n/a	-	-	(10)	(9)
Governance costs	n/a	n/a	n/a	n/a	(1)	(1)	-	-
Investment gains	n/a	n/a	n/a	n/a	12	16	67	114
Net movement in funds	n/a	n/a	n/a	n/a	20	20	56	105
Fixed assets	-	-	2,231	2,267	1,085	1,040	1,777	1,765
Current assets	15	12	102	73	59	76	58	13
Liabilities	(1)	(2)	(105)	(107)	(15)	(7)	(3)	(2)
Net assets	14	10	2,228	2,233	1,129	1,109	1,832	1,776
Funds/capital and reserves	14	10	2,228	2,233	1,129	1,109	1,832	1,776
Of which								
Unrestricted funds	n/a	n/a	n/a	n/a	1,129	1,109	457	443
Restricted funds	n/a	n/a	n/a	n/a	-	-	1,375	1,333

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Year ended 31 December 2007

23. CASH FLOW INFORMATION

a) Reconciliation of changes in resources to net inflow from operating activities

	Group	
	2007	2006
	£'000	£'000
Net incoming (outgoing) resources	2,423	(47)
Depreciation and amortisation	118	120
Decrease in stocks	1	1
Decrease in debtors	121	172
Increase (decrease) in creditors	60	(125)
Net cash inflow from operating activities	<u>2,723</u>	<u>121</u>

b) Reconciliation of net cash flow to movement in net funds

	2007	2006
	£'000	£'000
Increase in cash in the year	49	36
Cash outflow from increase in liquid resources	<u>1,672</u>	<u>81</u>
Movement in net funds in the year	1,721	117
Funds at 1 January	<u>1,667</u>	<u>1,550</u>
Net funds at 31 December	<u>3,388</u>	<u>1,667</u>

c) Analysis of net funds

	At 1	Cash	At 31
	January	flow	December
	2007	2007	2007
	£	£'000	£'000
Cash at bank and in hand	82	49	131
Liquid resources	<u>1,585</u>	<u>1,672</u>	<u>3,257</u>
	<u>1,667</u>	<u>1,721</u>	<u>3,388</u>

24. CONTINGENT LIABILITIES

In the event of housing schemes at Howard de Walden Way, Newmarket, Suffolk (formerly Phantom and Moreton Stud) being sold for a commercial use, other than the housing of stable staff, an amount of £444,476 becomes payable to the Horserace Betting Levy Board

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25. OPERATING LEASE COMMITMENTS

At 31 December 2007 the group was committed to making the following payments during the next year in respect of operating leases

	Other	
	2007	2006
	£'000	£'000
Leases which expire		
Within two to five years	3	3

26. CONNECTED CHARITIES

During the year Racing Welfare made the following charges for the use of common facilities and administration to the following companies and charities who have the same directors and trustees

	2007	2006
	£'000	£'000
Stable Lads Welfare Trust Housing Association Limited	18	4

The following amounts were owed (to)/from connected charities

	£'000	£'000
Racing Welfare (Enterprises) Limited	(11)	(6)
The Rous Charity	13	4
Stable Lads Welfare Trust Housing Association Limited	(91)	(65)

Surplus cash held by the Stable Lads Welfare Trust Housing Association is transferred to Racing Welfare to be held on its behalf. The cash is held discretely by Racing Welfare and interest has been paid to the Association at an average annual rate of 4.7% per annum (2006 - 4%). Racing Welfare paid total interest of £3,583 (2006 - £2,496) in 2007.

The principal objective of the Association is the provision of housing for retired horseracing stable staff and for young working stable staff in the age range of 16-24.

During the year, the Charity received a grant from the Bentinck, Beresford & Rendlesham Charity of £62,527 (2006 - £55,742) in relation to financial support in line with the charities' objectives.

27. POST BALANCE SHEET EVENT

On 30 January 2008, the Stable Lads Welfare Trust Housing Association converted from an Industrial and Provident Society into a Company Limited by Guarantee. As part of the conversion, the Association adopted a new constitution. The membership of the Association was amended such that Racing Welfare became the sole shareholder of the Association. All members of the management committee were retained and became directors of the company. The Association was subsequently registered with the Charity Commission on 26 February 2008. The Association continues to be registered with the Housing Corporation.

The Trustees of Racing Welfare intend to transfer its housing activities and properties to the Stable Lads Welfare Trust Housing Association at a later date.