

National Trainers Federation

Annual Report and Financial Statements

for the Year Ended 31 December 2020

National Trainers Federation

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National Trainers Federation

Information

President	Emma Lavelle
Registered office	9 High Street Lambourn Hungerford Berkshire RG17 8XL
Auditors	Ross Brooke Limited Chartered Accountants and Statutory Auditor Suite 1 Windrush Court Abingdon Business Park Abingdon Oxfordshire OX14 1SY

National Trainers Federation

Report of the Council for the Year Ended 31 December 2020

The Council presents its report and the financial statements for the year ended 31 December 2020.

President

The President of the Federation is:

Ann Duffield (resigned 27 February 2020)

Emma Lavelle (appointed 28 February 2020)

Principal activity

The principal activity of the Federation is to assist and represent its members, being racehorse trainers holding current licenses issued by the British Horseracing Authority. It is an employers association regulated under Part II of the Trade Union and Labour Relations (Consolidation) Act 1992.

Disclosure of information to the auditors

The members of the Council have taken steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Federation's auditors are aware of that information. The Council confirms that there is no relevant information that it knows of and of which the auditors are unaware.

Approved by the Council on 13.5.21 and signed on its behalf by:



.....
Emma Lavelle
President

National Trainers Federation

Council's Responsibilities Statement

We are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Federation and the surplus or deficit of the Federation for that period. In preparing these financial statements, we are required to:

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

We are responsible for keeping adequate accounting records that are sufficient to show and explain the Federation's transactions and disclose with reasonable accuracy at any time the financial position of the Federation and enable us to ensure that the financial statements comply with the Trade Union and Labour Relations (Consolidation) Act 1992. We are also responsible for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

National Trainers Federation

Independent Auditor's Report to the Members of National Trainers Federation

Opinion

We have audited the financial statements of National Trainers Federation (the 'Federation') for the year ended 31 December 2020, which comprise the Income and Expenditure Account, Balance Sheet, Statement of Changes to the Accumulated Fund, and Notes to the Financial Statements, 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 FRS 102 Section 1A '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 Federation's affairs as at 31 December 2020 and of its result 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 Trade Union and Labour Relations (Consolidation) Act 1992.

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 Federation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Federation's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

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 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.

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Independent Auditor's Report to the Members of National Trainers Federation

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Federation and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Council.

We have nothing to report in respect of the following matters where the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Council

As explained more fully in the Council's Responsibilities Statement (set out on page 3), the Council is 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 Council determines 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 Council is responsible for assessing the Federation'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 Council either intends to liquidate the Federation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- the nature of the industry and sector, control environment and business performance including the federation's remuneration policy, bonus levels and performance targets;
- the federation's own assessment, including assessments made by key management, of the risks that irregularities may occur either as a result of fraud or error;
- any matters we identified having reviewed the federation's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed amongst the engagement team.

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Independent Auditor's Report to the Members of National Trainers Federation

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the areas in which management is required to exercise significant judgement, such as the disclosure of adjusting items. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the federation operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context were the Trade Union and Labour Relations (Consolidation) Act 1992 and tax legislation.

Use of our report

This report is made solely to the Federation's members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Federation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Federation and the Federation's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Ross Brooke Limited, Statutory Auditor

Suite 1 Windrush Court
Abingdon Business Park
Abingdon
Oxfordshire
OX14 1SY

28 May 2021

National Trainers Federation

Income and Expenditure Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Income		600,213	716,250
Administrative expenses		<u>(631,227)</u>	<u>(691,959)</u>
Operating (deficit)/surplus		<u>(31,014)</u>	<u>24,291</u>
Gain on financial assets at fair value through income and expenditure account		2,430	11,280
Other interest receivable and similar income		<u>1,188</u>	<u>993</u>
		<u>3,618</u>	<u>12,273</u>
(Deficit)/surplus before tax	5	(27,396)	36,564
Taxation		<u>(5,439)</u>	<u>(4,479)</u>
(Deficit)/surplus for the financial year		<u><u>(32,835)</u></u>	<u><u>32,085</u></u>

The above results were derived from continuing operations.

The Federation has no recognised gains or losses for the year other than the results above.

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Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	6	52,901	61,965
Other financial assets	7	<u>112,489</u>	<u>110,059</u>
		<u>165,390</u>	<u>172,024</u>
Current assets			
Debtors	8	31,866	19,792
Cash at bank and in hand		<u>312,888</u>	<u>302,489</u>
		344,754	322,281
Creditors: Amounts falling due within one year	9	<u>(71,983)</u>	<u>(23,309)</u>
Net current assets		<u>272,771</u>	<u>298,972</u>
Net assets		<u>438,161</u>	<u>470,996</u>
Capital and reserves			
Accumulated fund		<u>438,161</u>	<u>470,996</u>
Total equity		<u>438,161</u>	<u>470,996</u>

Approved and authorised for issue by the Council on 13.5.21



 Emma Lavelle
 President

National Trainers Federation

Statement of Changes to the Accumulated Fund for the Year Ended 31 December 2020

	Accumulated fund £
At 1 January 2019	438,911
Surplus for the year	<u>32,085</u>
At 31 December 2019	<u>470,996</u>
	Accumulated fund £
At 1 January 2020	470,996
Deficit for the year	<u>(32,835)</u>
At 31 December 2020	<u>438,161</u>

National Trainers Federation

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The address of the Federation's principal office is:
9 High Street
Lambourn
Hungerford
Berkshire
RG17 8XL

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis. The Committee considered the work performed by management in assessing the federation's ability to continue as a going concern, particularly around its consideration of the impact of COVID-19 and the steps taken to protect the NTF. As part of this review the Committee review management's 'worst case' cash burn scenario which showed the NTF has sufficient cash and headroom to continue for a period of greater than 12 months with reducing trainer subscriptions. This combined with the operating support received from Government and Local Councils where needed, therefore there is no material uncertainty around the NTF's ability to continue as a going concern and as such the disclosures in this area are appropriate.

Income recognition

Income comprises the fair value of the consideration received or receivable for racehorse trainers' subscriptions and provision of other services supplied during the year net of Value Added Tax. Income is recognised over the period to which subscriptions relate or when the service has been provided.

Tax

The tax expense for the period comprises current tax payable.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Federation operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

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Notes to the Financial Statements for the Year Ended 31 December 2020

Asset class	Depreciation method and rate
Land and buildings	2% straight line
Motor vehicles	25% reducing balance
Office equipment	25% reducing balance

Investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date. Any change in fair value will be recognised in the income and expenditure account.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade Debtors

Trade debtors are amounts due from customers for racehorse trainers' subscriptions performed in the ordinary course of business.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Federation has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the Federation during the year, was 5 (2019 - 5).

4 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>5,000</u>	<u>5,000</u>

5 Surplus/deficit before tax

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	<u>9,064</u>	<u>9,785</u>

National Trainers Federation

Notes to the Financial Statements for the Year Ended 31 December 2020

6 Tangible assets

	Land and buildings £	Office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2020	58,447	28,225	36,319	122,991
At 31 December 2020	58,447	28,225	36,319	122,991
Depreciation				
At 1 January 2020	28,055	23,275	9,696	61,026
Charge for the year	1,169	1,239	6,656	9,064
At 31 December 2020	29,224	24,514	16,352	70,090
Carrying amount				
At 31 December 2020	29,223	3,711	19,967	52,901
At 31 December 2019	30,392	4,950	26,623	61,965

Included within the net book value of land and buildings above is £29,223 (2019 - £30,392) in respect of leasehold land and buildings.

7 Other financial assets (current and non-current)

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 January 2020	110,059	110,059
Revaluations	2,430	2,430
At 31 December 2020	112,489	112,489
Carrying amount		
At 31 December 2020	112,489	112,489

The fixed asset investment represents amounts placed with Fidelity Investments.

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Notes to the Financial Statements for the Year Ended 31 December 2020

8 Debtors

	2020 £	2019 £
Trade debtors	6,367	3,781
Prepayments	16,888	9,011
Other debtors	8,611	7,000
	<u>31,866</u>	<u>19,792</u>

9 Creditors

Creditors: amounts falling due within one year

	2020 £	2019 £
Due within one year		
Trade creditors	2,679	718
Taxation and social security	41,361	13,514
Other creditors	27,943	9,077
	<u>71,983</u>	<u>23,309</u>

Other creditors

Other creditors includes £21,400 of income which is a grant from Racing Foundation for the National Racehorse Event which hadn't taken place at the year end. Related expenditure of £4,800 has been offset against the creditor.

10 Related party transactions

Summary of transactions with other related parties

The Racing Industry Accident Benefit Scheme (RIABS) is managed on a day to day basis by the National Trainers Federation (NTF). During the year, £14,000 (2019 - £7,000) was received from RIABS for the administration of the Scheme on behalf of NTF members and non members. There was £Nil (2019 - £7,000) due from RIABS at the year end.

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Notes to the Financial Statements for the Year Ended 31 December 2020

Stable employees pension plan

The National Trainers Federation ("NTF") is the principal employer for the Stable Employees' Pension Plan ("the Plan"), an occupational pension scheme regulated by the Pension Regulator.

The Plan comprised of both defined benefit and defined contribution members and, under the Pension Regulator Rules, the scheme was under funded. As principal employer the NTF is legally responsible for the deficit.

The Council, in conjunction with the Plan's trustees, has taken expert advice to determine the most appropriate strategy to mitigate and/or resolve the position.

On 27 February 2006, the trustees of the Plan, by way of Deed of Amendment, converted the defined benefit section into benefits on a defined contribution basis. In signing the Deed of Amendment, the trustees relied upon a Section 67 Notice, signed by the Plan's actuary on 24 February 2006 confirming that their actions would not adversely affect any member of the Plan.

It is understood that the above action taken by the NTF and the Plan trustees following and based upon expert professional advice, has had the impact of fully funding the members' benefit entitlement.

The NTF has now served notice that it is terminating its participation in the Plan, which has the effect of determining the wind-up of the Plan with effect from 31 March 2019.

The Trustee of the Plan is now undertaking the process of tracing all members of the Plan to determine and settle the benefits to which they are entitled. This is a complex process and is likely to take several years before it is fully completed and it has been confirmed by the Trustee that all contributions due had been received before the wind-up process commenced.

11 Horsemen's Group

The National Trainers Federation ("NTF") is a member of Horsemen Limited which is more commonly known as the Horsemen's Group ("HG"). The NTF is represented on the HG board by Rupert Arnold. The other constituent members are the Racehorse Owners Association, Professional Jockeys Association, National Association of Racing Staff and Thoroughbred Breeders Association.

The objective of the HG is to represent the common interests of its constituent members as listed above.

It has been widely reported that the HG has required an injection of loan capital from its members in order to continue in business. The total amount agreed to be lent to the HG by the various lending bodies is £220,000, of which the NTF's agreed maximum share is £60,000.

As at 31 December 2012, the NTF had advanced £54,535. No further advances were made during the period to 31 December 2020.

Whilst it is hoped that the HG will be able to repay the loan from its members from future operating income, it is not possible to predict with any certainty that sufficient funds will be available for this purpose. Therefore recovery of the loan advanced by the NTF must be in some doubt. In these circumstances the Council resolved that the amount advanced on the NTF's loan to the HG should be provided for in full at 31 December 2012. Accordingly, £54,535 was charged to the income and expenditure account in that year.

During 2014, £27,268 of this loan previously provided for was recovered and was therefore credited to the income and expenditure account in that year. No further amounts were recovered in the current year and the amount due from Horsemen Limited at 31 December 2020 is £27,268.