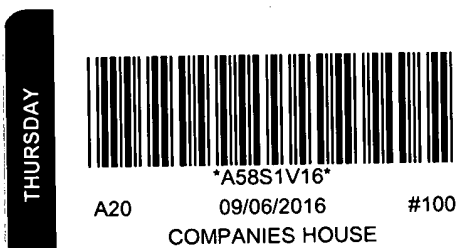


THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED

INDEX

	Page No.
Group Strategic Report	2-6
Directors' Report	7-9
Independent Auditor's Report to the Members of The Royal Automobile Club Motor Sports Association Limited	10
Consolidated Income Statement	11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Company Statement of Financial Position	14
Consolidated Statement of Cash Flows	15
Consolidated Statement of Changes in Equity	16
Notes to the Accounts	17-27
Additional Information	28
Five Year Group Results	29-30



Company Registration Number:

1344829

Registered Office:

Motor Sports House
Riverside Park
Colnbrook
Berkshire
SL3 0HG

Bankers:

National Westminster Bank Plc.
Newbury Commercial Office
30 Market Place
Newbury
Berkshire
RG14 5GP

Solicitors:

Arnold & Porter (UK) LLP
Tower 42
22 Old Broad Street
London
EC2N 1HQ

Auditors:

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED GROUP STRATEGIC REPORT

ACTIVITIES

The principal activities of the Parent Company, The Royal Automobile Club Motor Sports Association Limited trading as Motor Sports Association "MSA", are to administer and finance the governance of motor sport in the United Kingdom for motor vehicles with more than three wheels and, through its subsidiaries International Motor Sports Limited ("IMS") and British Grand Prix Limited ("BGPL"), to organise and promote motor sport events, provide motor sports consultancy and undertake commercial activities related to motor sport.

STRATEGY & OBJECTIVES

The Group's strategic objective is to be an excellent governing body and the acknowledged leader in developing and growing regulated motor sport in the United Kingdom. There are three key elements to our strategic objectives: - securing our financial and operational stability, enhancing our visibility and reputation at national & international levels and promoting the United Kingdom's contribution and heritage in motor sports.

We remain committed to implementing initiatives which increase greater motor sport participation and the training of our staff & volunteer officials.

We are currently undergoing an operational strategic review to ensure we remain an effective and efficient organisation going forward.

FINANCIAL PERFORMANCE

The MSA's largest sources of income are from licence fees, event permits and promotional rights for MSA British Championships. At operating level, we aim to break even. Investment income is reinvested into motor sport, particularly into the grassroots.

IMS, our wholly owned commercial subsidiary, organises events such as the F1 British Grand Prix and Wales Rally GB. IMS reported a small profit delivered at the back of increased commercial revenues and tighter cost control.

IMS's profit before tax was £7,222. (2014: loss £430,783)

BGPL, our other wholly owned commercial entity holds the organising contract for F1 British Grand Prix, which it sub contracts to IMS. We have negotiated a heads of agreement with Silverstone Circuits Ltd for the organisation of F1 British Grand Prix from 2016 to 2020.

BGPL's profit before tax and dividend was £31,132. (2014: £31,166)

MSA's 2015 financial performance was affected by the following additional expenses:-

Business strategy study	£25,000
Deficit on the revaluation of MSH	£93,000
Officials training seminars	£97,000
Dare to be different	£50,000
Rally & Safety Management Systems	£150,000
Safety radio grants	£41,000
Pension contribution – DB scheme	£155,000

We continued our development programme to nurture young talent. Two initiatives are in place. Go Motorsport – to encourage grassroots participation, help develop local clubs and take motor sports to the public. MSA Academy – a talent development pathway aiming to develop drivers and co-drivers to a world-class standard through education, support, guidance and coaching. The MSA Academy works with over 80 athletes. In 2015, Team UK comprised 10 drivers, the squad comprised 35 young drivers, 9 co-drivers and 29 AASE young competitors, who have demonstrated potential excellence in motor sports. Additionally, the MSA Academy engaged with 11 Junior Championships, whereby over 200 athletes were engaged with.

The funding for MSA's development activities is provided partly by the Education Funding Agency, the FIA Institute and Racing Steps Foundation, our education partner. We do not receive any funding from UK/local Government or lottery grants, although the Welsh Government is a principal funding partner of Wales Rally GB.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED GROUP STRATEGIC REPORT

FINANCIAL PERFORMANCE-continued

As part of our social responsibility, MSA have built strong links with schools and colleges, using motor sports to engage students in a variety of ways from road safety, environment and technology.

We undertook a major safety project in the year - RallyFuture, which looked to enhance safety in stage rallying by implementing the 29 recommendations arising from the Scottish Government's Motorsport Event Safety Review (MESR) following the tragedies that occurred during the running of the 2014 Jim Clark Memorial Rally. We are determined to adopt and implement those recommendations and apply them across all stage rallies in the UK. With the launch of the Rally Marshal's Accreditation Scheme on 16th January 2016, we have completed 21 of those recommendations and are on track to complete the introduction of all the MESR recommendations by January 2017. However, safety education and awareness will remain an ongoing programme.

We are working in conjunction with Synergy Learning of Belfast and iFinity, our CRM supplier and have implemented an online learning package for Rally and Cross Country marshals, which not only exceed the recommendations but upskills both current and newly registering marshals to become a greater resource for event organisers.

Based on three core modules, The Roles and Responsibilities of the Marshal, Spectator Management and Incident Management, the whole course should take no longer than 45 minutes for the learner to complete, at which point they will become an accredited marshal with the MSA. Their MSA record is automatically updated to reflect this change in status.

The online learning is mandatory for all new registrations in 2016, and for those already registered with the MSA the learning must be completed prior to their 2017 registration card being issued.

We are partnering Susie Wolff's 'Dare to Be Different' Initiative, which is aimed at bringing more women into motorsport. The campaign was launched at the 2016 Autosport International Show.

Our investment strategy is a total return approach to the investments. We have two investment managers – Investec and Julius Baer. Both managers are instructed to invest to maximise the total return on investments under their control within the constraints of a medium risk investment portfolio. The objectives of the policy are to ensure the creation of sufficient income and capital growth to enable the company to carry out its purposes consistently year by year. The investment income receivable is reinvested.

Investment Portfolio - Investec

		<u>Market Value</u>	<u>Yield,%</u>	<u>Fund, %</u>
Equities	UK	834,638	3.5	32.9
	Overseas	685,334	1.3	27.0
Fixed Interest	UK	600,473	4.2	23.7
Alternative assets		137,306	5.3	5.4
Property		<u>233,502</u>	4.2	<u>9.2</u>
		2,491,253		98.3
Cash		<u>43,568</u>	0.1	<u>1.7</u>
		<u>2,534,821</u>	3.2	<u>100.0</u>

Total Return Performance

	<u>Fund-%</u>	<u>Benchmark,%</u>
Last 12 months	3.2	2.3

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
GROUP STRATEGIC REPORT**

FINANCIAL PERFORMANCE-continued

Investment Portfolio - Julius Baer

	<u>Market Value</u>	<u>Yield,%</u>	<u>Fund, %</u>
Equities	2,128,078		47.2
Fixed Interest	2,154,614		47.8
Alternative assets	93,777		2.1
Property	<u>87,381</u>		<u>1.9</u>
	4,463,850		99
Cash	<u>42,929</u>		<u>1</u>
	<u>4,506,779</u>	2.7	<u>100</u>

**Total Return
Performance**

	<u>Fund-%</u>	<u>Benchmark- %</u>
Last 12 months	0.51	1.69

The Group surplus before tax was £72,730 (2014:£351,457).

Our Group operations are required to maintain a sound cash generation, in particular concentrating on tight controls over discretionary expenditure and improved efficiencies in working capital management.

A five year summary of licence and event statistics is shown on pages 29-30.

PRINCIPAL RISKS & UNCERTAINTIES

The Board is responsible for the proper management of the Group and meets quarterly to set the overall direction, strategy, the framework of governance and determining risk strategy, setting risk appetite and ensuring that risk is monitored and controlled effectively by the Group. All key operational and investment decisions are subject to Board approval. There is an ongoing process in place of identifying, evaluating and managing the material risks facing the Group. This process is reviewed regularly by the Executive on behalf of the Board. We have a well-established system of internal controls including strategic, compliance, financial, operational and risk management to safeguard our assets and reputation. The Group recognises the risks and uncertainties it faces in connection with its business operations and monitors various key performance indicators as part of its monthly accounting and management reporting processes.

Responsibility for the assessment and management of the risk including monitoring and updating is assigned with the Head of Department, overseen by the Chief Executive. Heat maps are used to evaluate the extent of risks within a certain profile and illustrate the effectiveness of mitigation for a single risk.

Likelihood	3			
	2			
	1			
		1	2	3
		Impact		

	High Risk	Take immediate action to reduce. Contingency plan in place. Review monthly
	Medium Risk	Agree actions to reduce. Continuing existing control. Review quarterly
	Low Risk	Tolerate. Continue existing control measures. Review bi-annually

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED GROUP STRATEGIC REPORT

PRINCIPAL RISKS & UNCERTAINTIES– continued

The significant risks faced by the Group which could impact on the success of delivering against the Group's long term strategic objectives are:-

The availability of funds to meet business needs, the risk of default by third parties, fluctuations in interest rates & investment returns, number of licence holders, title and other sponsorship in respect of Wales Rally GB, the level & management of safety and of motor accident claims.

Key mitigating actions include: - keeping sufficient and liquid reserves, robust credit processes and controls, a diversified investment portfolio managed by experienced managers. In 2015, our public liability cover for any motor incident was £65m and this cover has been maintained for 2016. Reviewing the MSA safety management systems and appraising IT system architecture to ensure that systems are resilient, readily available for our customers and secure from cyber-attack.

Overall, the Group's risk profile has been maintained in the year.

CORPORATE GOVERNANCE

We remain committed to the highest standards of corporate governance and recognise that good governance helps to deliver our strategy and safeguard the long term interests of our stakeholders. The MSA Board is responsible for the leadership, strategic direction and overall management of the Group. The Board has delegated responsibility for the management to the Executive Team. The Executive Team is accountable for operations and risk management on a day to day basis.

It is our policy to maintain a balance between executive and non-executive directors, with the aim of having a majority of independent non-executive directors. The balance and mix of appropriate skills and experience of non – executive directors is taken into account when a new appointment is made. The non-executive directors are appointed to bring their individual expertise and independent views to support and challenge the Executive Team. They closely monitor management performance against agreed strategy and direction.

The Board is led by a non-executive Chairman, Alan Gow, and comprises three Executive directors and 9 Non-Executive Directors.

The principal role of the Chairman is to:-

- Ensure the effectiveness of the Board.
- Expedite the effective contribution of the Non-Executive Directors, ensuring that all decisions are subject to productive deliberation and supported by sound decision making processes.
- Lead the Board in the determination of its strategy and the achievement of its objectives.

The Chief Executive Officer has day to day responsibility for the management of the company and develops company strategy, which once approved by the Board, is implemented throughout the company.

The Finance Director has day to day responsibility for financial planning & reporting and for managing financial risks and working with the Chief Executive Officer on all strategic matters.

The General Secretary acts as Company Secretary and Legal Counsel to the Board and its committees. His role is to advise the Board on matters of procedure and governance, ensuring that Board members are in receipt of all required information on a timely basis.

The Senior Independent Director carries out the annual evaluation of the performance of the Chairman and the effectiveness of the Executive Team, dealing with any other issues which may arise from time to time.

The Board has established the following Sub-Committees to oversee certain important areas.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED GROUP STRATEGIC REPORT

CORPORATE GOVERNANCE - continued

Nominations Committee – To evaluate and review the balance of skills, knowledge and experience of the Board taking into account our risk appetite and strategy. Monitor succession plans. Identify and nominate suitable candidates for the appointment to the Board.

Remuneration Committee – Make recommendations to the Board regarding the Group's remuneration policy of the Chairman, executive directors and members of the senior management.

Investment Committee – To monitor and review our investment performance, policy and strategy.

Audit & Risk Committee – This was set up towards the end of the year to monitor and discuss with management and the external auditors the integrity of the financial statements including quarterly and annual reports, reviewing and reporting to the Board on material financial reporting judgements, quality and appropriateness of accounting policies & practices and disclosures. Material adjustments resulting from audit and analytical review. Possible impairment of the Company's assets. The basis for the going concern assumption, significant uncertainties faced by the Company. Compliance with financial reporting standards and governance reporting requirements. Monitor the Company's risk management systems and at least bi-annually carry out a review of its effectiveness.

We are currently undertaking a Corporate Governance review in order to ensure our governance meets or exceeds the standards required amongst national governing bodies.

OUTLOOK

The volatility at the start of 2016 has shown two major concerns – the rebalancing of the Chinese economy and the change in the US monetary cycle.

The biggest challenge ahead for UK will be the referendum on the membership of the EU. The UK runs a large current account deficit, which is sustainable, as long as companies and individuals consider the UK to be an attractive area of investment. These could easily disappear, exposing the UK's recovery to date.

The Board is cautiously optimistic that we can deliver comparable results in 2016 whilst keeping a strong & liquid balance sheet.

Approved by the Board of Directors and signed on behalf of the Board of Directors



A J Gow - Chairman

2nd March 2016

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited group financial statements for the year ended 31 December 2015.

DIRECTORS

The Directors who served throughout the year (except as noted below) were:

A J Gow - Chairman
S R Jones - Chief Executive
S N Blunt - General Secretary
D K Gangahar - Finance Director
D T Jackson - Senior Independent Director
D I Carter
C A Gaskell MBE
N E H Moffitt
R K Parkin
T F G Purves
P Read
A Scott Andrews
M J Sones

GOING CONCERN

After reviewing the group's forecasts and projections, the Board has a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

FINANCIAL INSTRUMENTS

The Group has positive cash balances and no loans or overdrafts. Surplus cash is invested in unit trusts and deposits with investment managers as well as treasury and deposit accounts through the Group's banks to achieve the best available market returns pursuant to risk.

SUPPLIER PAYMENT POLICY

It is the Group's policy to agree and clearly communicate the terms of payments as part of the commercial agreement negotiated with suppliers and then to pay according to the terms based upon the timely receipt of an accurate invoice. Generally invoices are paid within 45 days (2014 - 45 days) from the date of the invoice being issued.

CHARITABLE DONATIONS

During the year, the Group made £100,000 gift-aid charitable donation to British Motor Sports Training Trust. (2014: £100,000). The Company also arranged for the donations of £78,955 to various charities, principal being - £10,000 to Motorsport Safety Fund, £5,000 to BEN - Motor and Allied Trades Benevolent Fund, £5,000 to Henry Surtees Foundation, £5,000 to Torch Trophy Trust, £5,000 RoadSafe, £5,000 to UK Youth, £14,000 FIA Nepal Solidarity Fund and £26,000 UK Air Ambulances from the Motor Sports Council's Special Fines Fund.

LIMITED BY GUARANTEE

The Company is limited by guarantee, does not distribute its surplus income to its members and does not have share capital. The liability of each member is limited to £1.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
DIRECTORS' REPORT - continued

The Members as at 31 December 2015 were as follows:-

Broad M J	Moffitt N E H
Campbell H	Norbury J R
Carter D I	Parkin R K
Cottrell B	Pollitt N P
Durling W S	Purves T F G
Edwards N	Rayner P
Gaskell C A	Read P
Gow A J	Redfern D
Hill R T	Rees D G
Jones S R	Scott Andrews A
Kellitt A	Sones M
Lapworth D	Stringwell S M
Loveridge P J	Tomley C
Lyle I B M	Watson I

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the surplus or deficit of the Company and the Group for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's and Group's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's and Group's auditors in connection with preparing their report and to establish that the Company's and Group's auditors are aware of that information

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
DIRECTORS REPORT- continued

2015 MSA BOARD ATTENDANCE

Director	Board Meetings	
	Possible	Attendance
AJ Gow	4	4
SN Blunt	4	4
DI Carter	4	4
DK Gangahar	4	4
CA Gaskell	4	3
DT Jackson	4	4
SR Jones	4	4
NEH Moffitt	4	4
RK Parkin	4	4
TFG Purves	4	3
P Read	4	2
A Scott Andrews	4	4
MJ Sones	4	3

On behalf of the Board, I would like to thank our committed staff and the many thousands of volunteers for providing excellent service and commitment, which has enabled us to deliver another successful sporting year.

Approved by the Board of Directors and signed on behalf of the Board of Directors



A J Gow - Chairman

2nd March 2016

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**

We have audited the financial statements of The Royal Automobile Club Motor Sports Association Limited for the year ended 31 December 2015, set out on pages 11 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

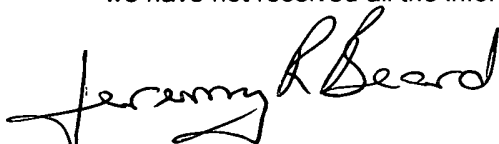
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial Statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jeremy Beard (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditor

2nd March 2016

26 Red Lion Square
London
WC1R 4AG

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Group Income	2,3		
Governance of motor sports		4,743,301	4,475,186
Event promotion and commercial activities		<u>3,006,932</u>	<u>2,842,933</u>
		<u>7,750,233</u>	<u>7,318,119</u>
Expenditure			
Staff costs	4	2,426,482	2,479,948
Other administration expenses		5,352,762	4,762,237
Gift-aid charitable donation		100,000	100,000
Fair value movements		<u>98,547</u>	<u>(66,684)</u>
		<u>7,977,791</u>	<u>7,275,501</u>
Operating (deficit)/surplus		(227,558)	42,618
Other finance charge		-	11,000
Interest receivable and similar income		<u>300,288</u>	<u>297,839</u>
Surplus on ordinary activities for the year before taxation	5	72,730	351,457
Tax charge/(credit) on the surplus for the year	6	<u>12,469</u>	<u>(103,598)</u>
Surplus on ordinary activities after taxation for the financial year		<u>60,261</u>	<u>247,859</u>

All above amounts are in respect of continuing activities.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2015

	2015	2014
	£	£
Surplus for the financial year	60,261	247,859
Depreciation on revaluation	(8,600)	(8,600)
Write back on the property revaluation reserve	<u>(111,889)</u>	<u>-</u>
	(60,228)	239,259
Actuarial gain/(loss) on net pension costs	332,000	(920,000)
Movement on deferred tax relating to pension liability	(112,230)	168,923
Movement on current tax relating to pension liability	<u>40,850</u>	<u>39,990</u>
Total comprehensive income for the financial year retained	<u>200,392</u>	<u>(471,828)</u>

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

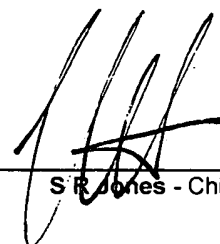
	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	7	1,599,839	1,896,723
Investments	8	6,955,103	6,741,899
CURRENT ASSETS			
Stocks		20,941	9,321
Debtors	9	1,164,739	930,717
Cash at bank and in hand		<u>6,450,451</u>	<u>6,728,036</u>
		7,636,131	7,668,074
CREDITORS: amounts falling due within one year	10	<u>(6,096,005)</u>	<u>(5,909,907)</u>
NET CURRENT ASSETS		<u>1,540,126</u>	<u>1,758,167</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,095,068	10,396,789
Creditors due in more than one year	11	<u>(150,576)</u>	<u>(242,919)</u>
		9,944,492	10,153,870
Net Pension asset/(liability)	14	332,055	(77,715)
NET ASSETS		<u>10,276,547</u>	<u>10,076,155</u>
RESERVES			
Income and expenditure account		10,276,547	9,955,666
Property revaluation reserve	13	-	120,489
		<u>10,276,547</u>	<u>10,076,155</u>

The financial statements were approved and authorised for issue by the Board on 2nd March 2016.

Signed on behalf of the Board of Directors



A J Gow - Chairman



S R Jones - Chief Executive

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

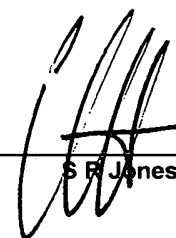
	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	7	1,486,746	1,797,943
Investments	8	<u>7,006,107</u>	<u>6,791,903</u>
		<u>8,492,853</u>	<u>8,589,846</u>
CURRENT ASSETS			
Stocks		20,941	9,321
Debtors	9	687,871	473,697
Cash at bank and in hand		<u>5,837,503</u>	<u>6,162,104</u>
		6,546,315	6,645,122
CREDITORS: amounts falling due within one year	10	<u>(5,383,849)</u>	<u>(5,246,945)</u>
NET CURRENT ASSETS		<u>1,162,466</u>	<u>1,398,177</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,655,319	9,988,023
Creditors due in more than one year	11	<u>(143,590)</u>	<u>(236,429)</u>
NET ASSETS		<u>9,511,729</u>	<u>9,751,594</u>
RESERVES			
Income and expenditure account		9,511,729	9,631,105
Property revaluation reserve	13	-	120,489
		<u>9,511,729</u>	<u>9,751,594</u>

The financial statements were approved and authorised for issue by the Board on 2nd March 2016.

Signed on behalf of the Board of Directors



A J Gow - Chairman



S R Jones - Chief Executive

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
(Deficit)/Surplus for the financial year	(227,558)	42,618
Adjustments for:		
Net depreciation of tangible assets	352,598	106,364
(Gain)/loss on sale of tangible assets	(23,178)	(5,130)
(Gain)/loss on sale of current asset investments	(38,038)	(184,735)
(Increase) in stocks	(11,620)	(4,246)
(Increase) in debtors	(234,022)	(91,427)
Increase in creditors	122,709	428,176
Pension cost less contributions	(190,000)	(175,000)
Cash from operations	(249,109)	116,620
Taxes paid	(577)	(11,495)
Net cash generated from operating activities	(249,686)	105,125
Cash flows from investing activities		
Proceeds from sale of tangible assets	52,864	22,350
Proceeds from sale of investments	564,560	1,391,573
Purchase of tangible assets	(107,338)	(170,164)
Purchase of investments	(838,273)	(1,485,339)
Interest received	300,288	297,839
Net cash from investing activities	(27,899)	56,259
Net increase in cash and cash equivalents	(277,585)	161,384
Cash and cash equivalents at the beginning of year	6,728,036	6,566,652
Cash and cash equivalents at the end of year	6,450,451	6,728,036

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Group

	<u>Revaluation Reserve</u>	<u>Reserves</u>	<u>Total Equity</u>
As at 1/1/2015	120,489	9,955,666	10,076,155
Comprehensive income for the year		211,511	211,511
Surplus for the year		60,261	60,261
Tax in respect of items of other comprehensive income		(71,380)	(71,380)
Transfer to/(from)	(120,489)	120,489	0
Fair value movement on investments			0
As at 31/12/2015	0	10,276,547	10,276,547

	<u>Revaluation Reserve</u>	<u>Reserves</u>	<u>Total Equity</u>
As at 1/1/2014	129,089	10,418,894	10,547,983
Comprehensive income for the year		(928,600)	(928,600)
Surplus for the year		247,859	247,859
Tax in respect of items of other comprehensive income		208,913	208,913
			0
Transfer to/(from)	(8,600)	8,600	
Fair value movement on investments			0
As at 31/12/2014	120,489	9,955,666	10,076,155

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. COMPANY INFORMATION

The Royal Automobile Club Motor Sports Association Ltd trading as Motor Sports Association is a company limited by guarantee, incorporated in England & Wales. Its registered office and principal place of business is at Motor Sports House, Riverside Park, Colnbrook, Berks, SL3 0HG.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – the financial reporting standard applicable in the United Kingdom and with the Companies Act 2006. This is the first year in which financial statements have been prepared under FRS102. Please refer to note 16 for an explanation of the transition. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

a) Basis for Accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land & building and investments.

b) Basis of Consolidation

The consolidated financial statements incorporate the financial results of the Company and its subsidiaries, International Motor Sports Limited and British Grand Prix Limited, drawn up to 31 December each year. International Motor Sports Limited and British Grand Prix Limited are the only companies consolidated in the financial statements.

c) Income

The Group income consists of competitors & officials licence subscriptions, event permit fees, other regulatory fees, sundry sales and income derived from the organisation and promotion of national championships & events and motor sports consultancy services. Income is shown exclusive of Value Added Tax.

Subscriptions are recognised as revenue in the year which the service is provided to competitors and officials. Fees received that relate to the service to be rendered in the future are treated as income in advance.

Revenue recognition based on contracts to provide services require income to be recognised when earned. Revenue is recorded as earned when the group has substantially met its obligations to be entitled to the economic benefits.

Revenue from the sale of goods is recognised when the group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the group will receive the consideration due under the transaction.

d) Tangible Fixed Assets

Tangible fixed assets are stated at cost/valuation, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets the rates of depreciation are as follows:

Office Fixtures, Fittings and Equipment	20%	per annum on written down value
Computer Software	50%	per annum on cost
Motor Vehicles	25%	per annum on cost
Freehold Building	4%	per annum on valuation

e) Property Revaluation

The freehold building is revalued externally every three years with the surplus or deficit on book value being transferred to the property revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged or credited to the income and expenditure account. A deficit which represents a clear consumption of economic benefits is charged to the Income and Expenditure Account regardless of any such previous surplus.

Where depreciation charges are increased following revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the income and expenditure account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the property revaluation reserve is also transferred to the Income Statement as a movement on reserves.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. ACCOUNTING POLICIES – continued

f) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

g) Stocks

Stocks are valued at the lower of cost and net realisable value.

h) Debtors

Short term debtors are measured at transaction price less any impairment.

i) Creditors

Short term trade creditors are measured at transaction price.

j) Foreign Currency Transactions

Transactions in foreign currencies are translated at rates ruling at the date of transaction. Balances denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are recognised in the Income & Expenditure Account.

k) Pension Scheme

From 1 January 2005 the Group has adopted the full requirements of FRS 17 Retirement Benefits.

The Group operates The Motor Sports Association Staff Benefits Scheme, which is a defined benefit scheme and MSA Group Stakeholder Personal Pension Plan, which is a defined contribution scheme. The defined benefit scheme is valued formally every three years by a professionally qualified and independent actuary using the Projected Unit method. Reviews of the scheme's position are carried out in the period between valuations. The cost is charged to the Income Statement in the period it is incurred.

In accordance with FRS 17, the surplus/ (deficit) on the defined benefit pension scheme is shown on the Group Balance Sheet. Current service costs, curtailments, settlement gains and losses and net financial returns are included in the Income and Expenditure Account in the period to which they relate. Actuarial gains and losses are recognised in the Consolidated Statement of Comprehensive Income.

l) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment. Investment in unit trusts, which have a readily available market value are held at the lower of cost or current net realisable value

Investments – these are stated on the basis of mid-market prices from the appropriate Stock Exchange or the relevant fund manager.

m) Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts resemble and payable

n) Surplus of Parent Company

As permitted by Section 408 of the Companies Act 2006, a separate Income Statement or cash flows of the parent company is not presented as part of these accounts. The parent company deficit for the financial year amounted to £119,376 (2014: surplus £574,429).

3. GROUP INCOME

	2015 £	2014 £
Analysis by geographical market:		
United Kingdom	7,707,614	7,318,119
South America	42,619	-
	<u>7,750,233</u>	<u>7,318,119</u>

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

GROUP INCOME – continued **2015** **2014**

Analysis by principal activity:

Governance of motor sports	4,743,301	4,475,186
Event promotion and commercial activities	<u>3,006,932</u>	<u>2,842,933</u>
	<u>7,750,233</u>	<u>7,318,119</u>

The Group income consists of competitors & officials licence subscriptions, event permit fees, other regulatory fees, sundry sales and income derived from the organisation and promotion of national championships & events and motor sports consultancy services.

4. INFORMATION REGARDING DIRECTORS & EMPLOYEES

DIRECTORS' EMOLUMENTS

Total emoluments **368,446** **308,910**

The three executive directors, Messrs Jones, Gangahar and Blunt have authority for planning, directing and controlling the activities of the company are considered to be key management personnel.

During the year, an amount of £32,675 was paid to the Chairman, Mr A J Gow. (2014: £31,830)

The highest paid Director received emoluments of £135,566 (2014: £128,978), plus £17,395 (2014: £16,150) was paid in respect of pension contributions.

Pension contributions made under the defined contribution scheme.

No. of directors in the scheme	<u>3</u>	<u>3</u>
Contribution for the year	<u>£43,729</u>	<u>£34,218</u>

There were 13 (2014: 14) Directors who served the Group during the year of which 3 (2014: 3) were executive Directors. The non-executive Directors, other than the Chairman, did not receive directors emoluments (2014: £Nil).

EMPLOYEES **2015** **2014**

The average number of paid employees during the year was **48** **47**

Executive Directors and managers	18	15
Processing and administration	30	32

Parent Company Directors - Male	12	13
- Female	1	1

Senior Managers - Male	15	15
- Female	7	7

Other Employees - Male	11	11
- Female	15	14

EMPLOYEE COSTS DURING YEAR (including Directors)

	£	£
Salaries	1,834,091	1,815,886
Redundancy & compensation	25,719	137,052
Social security costs	202,612	197,831
Net Pension cost	<u>364,060</u>	<u>329,179</u>
	<u>2,426,482</u>	<u>2,479,948</u>

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

5. SURPLUS FOR THE YEAR BEFORE TAXATION

	2015	2014
	£	£
This is stated after charging/ (crediting) the following amounts		
Net Depreciation	161,335	173,048
Deficit on revaluation of freehold building	92,716	-
Fair value movement on investments	98,547	(66,664)
Auditors' remuneration - audit services	18,483	17,950
Auditors' remuneration - taxation & other services	14,718	5,585
(Gain) on disposal in current asset investment	(38,038)	(184,735)
(Gain)/Loss on sale of fixed assets	(23,178)	(5,130)
Exchange (Gains)	(10,170)	(8,809)

6. TAX CHARGE ON THE SURPLUS FOR THE YEAR

	2015	2014
	£	£
The charge in the Income and Expenditure Account is calculated as follows:		
UK corporation tax at 20.25% (2014: 21.5%)	112,860	48,040
Prior year's over provision	(8,048)	(3,620)
Deferred taxation	(92,343)	59,178
Tax charge/(credit) on surplus for the year	<u>12,469</u>	<u>(103,598)</u>

Factors affecting the tax charge for the year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 20.05% (2014: 21.5%). The differences are explained below:

	2015	2014
	£	£
Surplus for the year before taxation	<u>72,730</u>	<u>351,457</u>
	72,730	351,457
Tax at 20.25% (2014: 21.5%) thereon	14,728	75,563
Effects of:		
Expenses not deductible for tax purposes	3,148	3,256
Income receivable on equity investment	34,271	(81,792)
Capital allowances in excess of depreciation	19,862	42,761
Movement in short term timing differences	40,753	(14,993)
Trading loss carried forward	(2,205)	6,317
Rate differences on current tax	2,303	16,928
Current tax charge for the year	<u>112,860</u>	<u>48,040</u>

7. TANGIBLE FIXED ASSETS

GROUP	Office Fixtures Fittings and Equipment	Computer Software	Motor Vehicles	Freehold Land and Building	Total
COST/ VALUATION	£	£	£	£	£
At 01.01.15	1,017,076	574,194	238,018	1,590,000	3,419,288
Additions	20,208	38,869	48,261	-	107,338
Disposals	(5,242)	-	(112,489)	-	(117,731)
Revaluation	-	-	-	(320,000)	(320,000)
At 31.12.15	<u>1,032,042</u>	<u>613,063</u>	<u>173,790</u>	<u>1,270,000</u>	<u>3,088,895</u>
ACCUMULATED DEPRECIATION					
At 01.01.15	747,468	572,813	131,084	71,200	1,522,565
Provision for year	61,472	20,815	43,448	35,600	161,335
Disposals	(3,511)	-	(84,533)	-	(88,044)
Revaluation	-	-	-	(106,800)	(106,800)
At 31.12.15	<u>805,429</u>	<u>593,628</u>	<u>89,999</u>	<u>-</u>	<u>1,489,056</u>
NET BOOK VALUE					
AT 31.12.15	<u>226,613</u>	<u>19,435</u>	<u>83,791</u>	<u>1,270,000</u>	<u>1,599,839</u>
AT 31.12.14	<u>269,608</u>	<u>1,381</u>	<u>106,934</u>	<u>1,518,800</u>	<u>1,896,723</u>

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

7. TANGIBLE FIXED ASSETS - continued

COMPANY	Office Fixtures Fittings and Equipment	Computer Software	Motor Vehicles	Freehold Land and Building	Total
COST/ VALUATION	£	£	£	£	£
At 01.01.15	856,488	535,091	164,050	1,590,000	3,145,629
Additions	20,208	36,502	-	-	56,710
Disposals	(5,242)	-	(71,619)	-	(76,861)
Revaluation	-	-	-	(320,000)	(320,000)
At 31.12.15	<u>871,454</u>	<u>571,593</u>	<u>92,431</u>	<u>1,270,000</u>	<u>2,805,478</u>
ACCUMULATED DEPRECIATION					
At 01.01.15	660,837	533,710	81,939	71,200	1,347,686
Provision for year	46,681	19,631	23,108	35,600	125,020
Disposals	(3,511)	-	(43,663)	-	(47,174)
Revaluation	-	-	-	(106,800)	(106,800)
At 31.12.15	<u>704,007</u>	<u>553,341</u>	<u>61,384</u>	<u>-</u>	<u>1,318,732</u>
NET BOOK VALUE					
AT 31.12.15	<u>167,447</u>	<u>18,252</u>	<u>31,047</u>	<u>1,270,000</u>	<u>1,486,746</u>
AT 31.12.14	<u>195,651</u>	<u>1,381</u>	<u>82,111</u>	<u>1,518,800</u>	<u>1,797,943</u>

The valuation of the freehold building on which depreciation is charged amounts to £950,000. (2014: £950,000)

In December 2015, Motor Sports House was revalued on the basis of existing use by Colliers International, external chartered surveyors, on a desktop indicative basis taking into account recent transactions in the market place in the sum of £1,270,000. They have confirmed no significant change since.

	GROUP		COMPANY	
	2015	2014	2015	2014
	£	£	£	£
8. INVESTMENTS				
Interest in subsidiaries	-	-	51,004	50,004
Other fixed asset investments	<u>6,955,103</u>	<u>6,741,899</u>	<u>6,955,103</u>	<u>6,741,899</u>
	<u>6,955,103</u>	<u>6,741,899</u>	<u>7,006,107</u>	<u>6,791,903</u>

	GROUP		COMPANY	
	2015	2014	2015	2014
	£	£	£	£
9. DEBTORS				
Trade debtors	424,470	359,457	288,456	197,356
Other debtors	129,187	124,275	76,681	36,881
Prepayments and accrued income	<u>611,082</u>	<u>446,985</u>	<u>322,734</u>	<u>239,460</u>
	<u>1,164,739</u>	<u>930,717</u>	<u>687,871</u>	<u>473,697</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	1,139,334	786,267	671,084	480,636
Other creditors	562,860	774,168	562,860	774,168
Other taxes and social security	80,770	80,629	54,007	60,251
Accruals and deferred income	<u>4,249,653</u>	<u>4,268,843</u>	<u>4,039,889</u>	<u>3,864,568</u>
	<u>6,032,617</u>	<u>5,909,907</u>	<u>5,327,840</u>	<u>5,179,623</u>
Corporation tax payable	63,388	-	56,009	67,322
	<u>6,096,005</u>	<u>5,909,907</u>	<u>5,383,849</u>	<u>5,246,945</u>

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

11. CREDITORS DUE IN MORE THAN ONE YEAR

Deferred taxation

At 01.01.2015

Movement in the year

At 31.12.2015

GROUP	COMPANY
2015	2015
£	£
(242,919)	(236,429)
92,343	92,839
<u>(150,576)</u>	<u>(143,590)</u>

Deferred taxation provided in the accounts is as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	£	£	£	£
Fixed asset timing differences	(16,184)	(10,428)	(9,198)	(3,938)
Short term timing differences	343	(51,659)	343	(51,659)
Deferred tax on property	(46,425)	(92,341)	(46,425)	(88,491)
Provision for deferred tax on fair value movement on investments	(88,310)	(88,491)	(88,310)	(92,341)
Deferred tax excluding that relating to pension asset	(150,576)	(242,919)	(143,590)	(236,429)
Pension asset (note 14)	(90,945)	21,285	-	-
Total provision for deferred tax	<u>(241,521)</u>	<u>(221,634)</u>	<u>(143,590)</u>	<u>(236,429)</u>

Under the previous UK GAAP, the Group held current asset investments at cost. The Group has now adopted FRS 102 to show the fair value of investments. Consequently, deferred tax has been recognised on all fair value movements.

The freehold building was previously shown at market value and no provision was made for deferred tax as roll-over relief would be available. The Group has adopted FRS 102 to recognise the potential corporation tax payable.

12. FINANCIAL INSTRUMENTS

	Group	
	2015	2014
Financial Assets		
Financial assets measured at fair value through profit or loss	6,955,103	6,741,899
Financial assets that are debt instruments measured at amortised cost	553,657	483,732
	<u>£7,508,760</u>	<u>£7,225,631</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>£1,702,194</u>	<u>£1,560,435</u>

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise trade and other debtors

Financial liabilities measured at amortised cost comprise trade and other creditors.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

13. PROPERTY REVALUATION RESERVE

	GROUP & COMPANY
	£
<i>At 01.01.2015</i>	129,089
Release on revaluation	(129,089)
At 31.12.2015	-

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relate to an increase on the same asset.

The Income and Expenditure Account represents accumulated comprehensive income of the year and prior periods.

14. PENSION AND RELATED STAFF BENEFITS

The Group operates The Motor Sports Association Staff Benefits Scheme, which is a defined benefit pension scheme for permanent staff employed before January 2002. The Scheme was closed to new entrants on 31 December 2001. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time, as the average age of the membership increases. This is a non-contributory, contracted in State Earnings Related Pension Scheme, and provides benefits based on length of service and final pensionable salary. The assets of the scheme are held in separate trustee-administered funds. A full actuarial valuation was last carried out by a qualified actuary on 1 January 2013 under the continuing valuation basis. Upon the advice of the scheme actuary, a contribution rate of 36.5% of pensionable earnings was used in 2015. (2014: 36.5%) The net pension charge under the Scheme was £148,415 (2014: £133,386) inclusive of special contribution of £200,000 (2014: £165,000) for the year and the associated insured benefits costs were £41,983 (2014: £33,518).

Section 28 of FRS 102 calculation - This has been adopted in full with effect from 1 January 2015. The initial actuarial valuation report as at 31 December 2012 was updated to 31 December 2015 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary were:-

	2015	2014	2013	2012
	%pa	%pa	%pa	%pa
Salaries growth	3.1	3.1	3.6	2.9
Discount rate	3.9	3.6	4.6	4.4
Allowance for pension in payment increases of RPI or 5%pa, if less	3.1	3.1	3.6	2.9
Allowance for revaluation of deferred pensions of RPI or 5%pa, if less	n/a	n/a	n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 5%pa, if less	2.6	2.6	3.1	2.4
Inflation (RPI)	3.1	3.1	3.6	2.9
Allowance for commutation of pension for cash at retirement	None	None	None	None

The mortality assumptions adopted at 31 December 2015 imply the following life expectancies at age 65:-

Male retiring in 2015	22.2 years	Female retiring in 2015	24.6 years
Male retiring in 2035	23.9 years	Female retiring in 2035	26.5 years

Fair Value of Assets, Present Value of Defined Benefit Obligation and Surplus/(liability) were:

	Value at 31/12/15	Value at 31/12/14	Value at 31/12/13
	£	£	£
UK Equities	-	2,940,000	2,903,000
Overseas Equities	2,627,000	-	-
Gilts	1,236,000	-	-
Diversified Growth Funds	2,649,000	-	-
Net cash	167,000	3,337,000	3,071,000
Fair value of plan assets	6,679,000	6,277,000	5,974,000
Present value of defined benefit obligation	(6,256,000)	(6,376,000)	(5,339,000)
Surplus/ (Deficit) in the plan	423,000	(99,000)	635,000
Related deferred tax on Surplus in the plan	(90,945)	21,285	(147,638)
Net pension asset/liability	£332,055	(£77,715)	487,362

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

14. PENSION AND RELATED STAFF BENEFITS – continued

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by the company.

Defined benefit costs recognised in Income Statement

	2015	2014
	£	£
Current service cost	153,000	130,000
Net Interest cost	-	(33,000)
Expected return on scheme assets	-	-
Past service cost	-	-
Losses/ (gains) on Curtailments and settlements	-	-
Defined benefit costs	<u>153,000</u>	<u>97,000</u>

Defined benefit costs recognised in Other Comprehensive Income:

	2015	2014
	£	£
Return on plan assets	(128,000)	(205,000)
Experience gains arising on the plan liabilities	21,000	-
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	<u>439,000</u>	<u>(715,000)</u>
	<u>332,000</u>	<u>(920,000)</u>
Effects of changes in the amount of surplus that is not recoverable	-	-
Total amount recognised in comprehensive income	<u>332,000</u>	<u>(920,000)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2015	2014
	£	£
Scheme benefit obligation at the start of the period	6,376,000	5,339,000
Current service cost	153,000	130,000
Interest cost	231,000	247,000
Curtailments and Settlements	-	-
Benefits paid and death in service insurance premiums	(44,000)	(55,000)
Past service costs	-	-
Actuarial (gains)/losses	<u>(460,000)</u>	<u>715,000</u>
Defined benefit obligation at the end of the period	<u>6,256,000</u>	<u>6,376,000</u>

Reconciliation of opening and closing balances of the fair value of the plan assets

	2015	2014
	£	£
Fair value of scheme assets at start of period	6,277,000	5,974,000
Interest income	231,000	280,000
Actuarial gains/ (losses)	(128,000)	(227,000)
Contributions by scheme participants	-	-
Gross Contributions by employer:		
- Ordinary	143,000	140,000
- Special	200,000	165,000
Benefits paid and expenses	<u>(44,000)</u>	<u>(55,000)</u>
Fair value of plan assets at the end of period	<u>6,679,000</u>	<u>6,277,000</u>

The actual return on the scheme assets over the year ended 31st December 2015 was £103,000 (2014: £53,000).

A historical five years summary

	2015	2014	2013	2012	2011
	£	£	£	£	£
Fair value of plan assets	6,679,000	6,277,000	5,974,000	5,231,000	4,569,000
Defined benefit obligation	6,256,000	6,376,000	5,339,000	4,864,000	4,302,000
Surplus/ (Deficit) in the plan	423,000	(99,000)	635,000	367,000	267,000

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

14. PENSION AND RELATED STAFF BENEFITS – continued

The best estimate of contributions to be paid by the employer to the scheme for the period beginning 1 January 2016 is £145,000.

The Motor Sports Association Group Stakeholder Personal Pension Plan

Group employees joining on or after 1 January 2002 are eligible to join the Group Stakeholder Personal Pension Plan run by Aviva Plc. This is a Group funded defined contribution pension arrangement, which employees, after three months service, are entitled to join. The Group makes a contribution of 10% -15% of basic salary. The contribution payable this year was £173,662 (2014: £162,275). The Group accruals include pension contributions due but not yet paid of £2,820 (2014: £Nil)

15. Additional information on SUBSIDIARY and associated UNDERTAKINGS

All companies are incorporated in England & Wales. The principal subsidiaries and associated undertakings and their principal activities at 31 December 2015 are set out below:

Trading	Limited company with share capital	Class of Shares	Portion of shares held
International Motor Sports Limited	Organisation and promotion of motor sport	Ordinary £1	100%
British Grand Prix Limited	Organisation of motor sport events	Ordinary £1	100%
Dormant			
Rally GB Ltd	Organisation of motor sport events	Ordinary £1	100%
RallyStar Ltd	Organisation of motor sport events	Ordinary £1	100%
MSA Scotland Ltd	Organisation and promotion of motor sport	Ordinary £1	100%
Dormant	Limited company with no share capital		Portion held
The Motor Sports Association Limited	Administration and promotion of motor sports		100%
The MSA Motor Sport Foundation	Educational and training		100%
MSA Claims Management Limited	Insurance claims		100%
British Rally Championship Limited	Organisation and promotion of motor sport events		100%

All trading companies are consolidated in the financial statements; all dormant companies are not consolidated as they are considered immaterial.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

16. FRS 102 Transition	1 Jan 2014		Restated 1 Jan 2014	1 Jan 2015		Restated 1 Jan 2015
Tangible fixed assets	1,925,437		1,925,437	1,896,723		1,896,723
Investments		6,396,714	6,396,714		6,741,899	6,741,899
Stocks	5,075		5,075	9,321		9,321
Debtors	839,290		839,290	930,717		930,717
Current assets						
Investments	10,994,692	(5,384,568)	5,610,124	11,416,719	(5,663,069)	5,753,650
Cash at bank	956,528		956,528	974,386		974,386
	<u>12,795,585</u>		<u>7,411,017</u>	<u>13,331,143</u>		<u>7,668,074</u>
Creditors under 1 year	<u>(5,488,806)</u>		<u>(5,488,806)</u>	<u>(5,909,907)</u>		<u>(5,909,907)</u>
Net Current Assets	7,306,779		1,922,211	7,421,236		1,758,167
Total Assets less Current Liabilities	<u>9,232,216</u>		<u>10,244,362</u>	<u>9,317,959</u>		<u>10,396,789</u>
Deferred Tax	(15,922)	(167,819)	(183,741)	(10,428)	(232,491)	(242,919)
	<u>9,216,294</u>		<u>10,060,621</u>	<u>9,307,531</u>		<u>10,153,870</u>
Net Pension Asset/(liability)	487,362		487,362	(77,715)		(77,715)
	<u>9,703,656</u>		<u>10,547,983</u>	<u>9,229,816</u>		<u>10,076,155</u>
Reserves						
Income & Expenditure AC	(9,574,567)	(844,327)	(10,418,894)	(9,109,327)	(846,339)	(9,955,666)
Property Revaluation	(129,089)		(129,089)	(120,489)		(120,489)
	<u>(9,703,656)</u>		<u>(10,547,983)</u>	<u>(9,229,816)</u>		<u>(10,076,155)</u>

Under the previous UK GAAP, the Group held current asset investments at cost. The Group has now adopted FRS 102 to show the fair value of investments. Consequently, deferred tax has been recognised on all fair value movements.

The freehold building was previously shown at market value and no provision was made for deferred tax as roll-over relief would be available. The Group has adopted FRS 102 to recognise the potential corporation tax payable.

17. RELATED PARTY TRANSACTIONS

MSA is ultimately controlled by the members of Motor Sports Council 'MSC', which acts as a Sporting Commission, making and amending the rules governing motor sport in the United Kingdom. A list of the members as at 31.12.2015 is shown on page 8.

As a membership organisation, MSA transacts business with licence holders, affiliated motor clubs, promoters, track owners and the FIA, the world governing body, and related organisations. At each point, related parties declare their interest and do not take part in the decision making process. All these transactions are carried out at arm's length. MSA directors and senior staff do not have overall control or significant influence over the entities with which it transacts.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

17. RELATED PARTY TRANSACTIONS - continued

MSA contracted with British Motorsport Promoters Ltd 'BMP' to act as an exclusive promoter of the British Touring Car Championship 'BTCC'. BMP is controlled by eight UK track owners including British Automobile Racing Club Ltd Group of companies 'BARC'. Messrs Carter and Gow are directors of BARC (TOCA) Ltd, which is a wholly owned subsidiary of BARC. Mr Carter is a director and Mr Scott Andrews is a director and Chairman of BARC Ltd. The nature of transactions at market value during the year were as below:-

Sales, net of vat	£231,269
Purchases, net of vat	£nil
Balance due to MSA as at 31.12.2015	£nil
Balance due to BARC as at 31.12.2015	£nil

During the year, the MSA launched its tender process for British Touring Car Championship. The selection panel chaired by Edwin Glasgow QC decided unanimously that BARC (TOCA) Ltd be awarded a five year contract effective from 1.1.2017 with option to extend for a further five years from 2022.

Messrs Blunt, Scott Andrews, Gow, Jones and Moffitt are trustees of British Motor Sports Training Trust 'BMSTT', a registered charity. BMSTT provides, inter alia, funds for education and training in techniques to prevent and reduce the incidence and gravity of accidents in motor sports and provision for such persons injured in motor sport and for track safety. MSA made a gift aid contribution of £100,000 during the year to 31.12.2015 (2014: £100,000) and provided accommodation, administration & secretarial support, investment monitoring and accounting assistance required for day to day operations free of charge.

MSA purchased conference facilities, accommodation and meeting rooms at market value from the Royal Automobile Club Ltd 'RAC', a company limited by guarantee. The RAC is not under the control of any individual or group of individuals but is managed by an elected Board of Members. Messrs Gow, Purves, Read and Miss Gaskell are continuing directors of the RAC and Mr Purves is the RAC Chairman.

MSA, the Scottish Auto Cycle Union 'SACU', the Scottish Association of Car Clubs 'SACC' and the Association of Scottish Kart Clubs 'ASKC' set up Scottish Motor Sports to represent the interests of two and four wheel motor sport in Scotland. It is a strategic body designed to speak with one voice about motor sport with Scottish Government and its associated bodies. MSA's interests are represented by Messrs Jones and Blunt. It is chaired by Tom Purves, Chairman of the RAC and director of MSA.

A fee of £8,154 was paid to Mr Scott Andrews in respect of legal services provided. (2014:£6,620) and £6,700 was paid to Mr.N Moffitt in respect of safety consultancy services (2014:£nil).

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

The additional information on pages 29 - 30 has been prepared from the accounting & licensing records of the Company and its subsidiaries. It does not form part of the statutory financial statements.

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
FIVE YEAR GROUP RESULTS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Group Income	<u>7,853,844</u>	<u>6,826,542</u>	<u>7,807,046</u>	<u>7,318,119</u>	<u>7,750,233</u>
Operating surplus before gift-aid donation & deficit on impairment in current asset investment	363,540	561,907	426,099	142,618	127,558
Gift-aid charitable donation	<u>(200,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Operating surplus/ (deficit) for the year	<u>163,460</u>	<u>461,907</u>	<u>326,099</u>	<u>42,618</u>	<u>(227,558)</u>
Other finance charge	16,000	(28,000)	(34,000)	11,000	-
Interest receivable	<u>257,587</u>	<u>322,516</u>	<u>293,616</u>	<u>297,839</u>	<u>300,288</u>
Surplus for the year before taxation	437,047	756,423	585,915	351,457	72,730
Tax charge on the surplus for the year	<u>(98,441)</u>	<u>(154,402)</u>	<u>(132,246)</u>	<u>(103,598)</u>	<u>12,469</u>
Surplus for the year after taxation	336,606	602,021	453,689	247,859	60,261
Recognised in the Comprehensive income	<u>(424,145)</u>	<u>(84,539)</u>	<u>(72,193)</u>	<u>(719,687)</u>	<u>140,131</u>
Movement in the year	(85,539)	517,482)	381,476	(471,828)	200,392
Net Prior Year Adjustments	-	-	844,327	-	-
Net Group assets brought forward	<u>8,890,237</u>	<u>8,804,698</u>	<u>9,322,180</u>	<u>10,547,983</u>	<u>10,076,155</u>
Net Group assets carried forward	<u>£8,804,698</u>	<u>£9,322,180</u>	<u>£10,547,983</u>	<u>£10,076,155</u>	<u>£10,276,547</u>

THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED
LICENCE & EVENT STATISTICS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Race					
International	1,360	1,393	1,388	1,429	1,503
National A	4,122	4,180	4,186	4,357	4,453
National B	4,464	4,529	4,494	4,358	4,474
International Historic	357	366	309	298	247
Truck	40	31	30	37	36
Total Race	<u>10,343</u>	<u>10,499</u>	<u>10,407</u>	<u>10,479</u>	<u>10,713</u>
Kart					
International	204	221	232	245	242
National A	1,922	1,760	1,571	1,433	1,295
National B & Clubman	2,394	2,272	2,183	2,152	2,116
Kart - PG	-	2,054	1,926	1,882	1,802
Total Kart	<u>4,520</u>	<u>6,307</u>	<u>5,912</u>	<u>5,712</u>	<u>5,455</u>
Rally					
International	301	273	228	230	243
National A	2,059	2,027	1,954	1,875	1,809
National B	4,005	3,981	3,956	3,982	4,054
Navigator	1,081	1,039	1,040	963	978
International Historic	15	11	11	15	13
Total Rally	<u>7,461</u>	<u>7,331</u>	<u>7,189</u>	<u>7,065</u>	<u>7,097</u>
Speed					
International	17	17	14	11	13
National A	1,453	1,435	1,422	1,433	1,478
Total Speed	<u>1,470</u>	<u>1,452</u>	<u>1,436</u>	<u>1,444</u>	<u>1,491</u>
Off-Road	96	86	83	86	84
Drag	66	71	72	85	85
Non-Race Nat B	6,436	6,335	6,190	6,102	6,154
Clubman	1,193	1,094	1,111	1,000	1,013
Entrant	242	257	249	234	248
TOTAL LICENCES	31,827	33,432	32,649	32,207	32,340

Number of Events by discipline

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Autotest	743	728	782	865	919
Auto/Rallycross	63	55	69	63	57
Cross Country	1,268	1,171	1,158	1,123	1,118
Race	333	329	334	336	334
Rallies	887	882	809	744	750
Speed	335	316	330	340	339
Trials	235	221	218	233	232
Kart	448	454	415	460	437
Exempt	826	766	765	702	676
TOTAL EVENTS	<u>5,138</u>	<u>4,922</u>	<u>4,880</u>	<u>4,866</u>	<u>4,862</u>
TOTAL ENTRIES	144,046	138,533	134,795	138,926	140,405