

# THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED

## 2016 Reports and Financial Statements

### 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 Financial Statements	17-26
Additional Information	27
Five Year Group Results	28-29

FRIDAY



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COMPANIES HOUSE

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:  
Mishcon de Reya LLP  
Africa House  
70 Kingsway  
London  
WC2B 6AH

Auditors:  
haysmacintyre  
26 Red Lion Square  
London  
WC1R 4AG

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## 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.

#### FINANCIAL PERFORMANCE & KEY PERFORMANCE INDICATORS

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 material loss, which included the start-up costs of British Rally Championship. Whilst the quality of the output from IMS is improved, it will need to concentrate on commercial revenues to deliver a reasonable return.

IMS's loss before tax was £133,810. (2015: Profit £7,222)

BGPL, our other wholly owned commercial entity holds the organising contract with Silverstone Circuits Ltd for the F1 British Grand Prix, which it sub contracts to IMS. We are now in the process of finalising the contract for the organisation of 2017 F1 British Grand Prix.

BGPL's profit before tax and dividend was £31,772. (2015: £31,132)

MSA has a three-part strategy for creating long-term value for our stakeholders, as below:-

Securing our financial and operational stability – we drive our top line growth by investing in growing participation at grassroots through projects like Gomotorsport and Dare to be Different. We are investing significant resources in a new Customer Relationship Management system. The new CRM should be operational by mid May 2017. The number of licences and events are key indicators as the absolute level of income. Our licensing income grew by 2% to £2509k (2015 – £2464k). The events fees were down by 4% to £527k. (2015 - £547k). Please see page 29. We maintained our reserves in real terms. The net assets at 31.12.2016 were £10.1m compared to £9.5m at the beginning of the year.

Enhancing our visibility and reputation at national & international levels – 2016 was another remarkable year for British talent on the world stage. Lewis Hamilton won ten races to take second place on the 2016 F1 World Championship. Lando Norris won the Formula Renault 2.00 Northern European Cup and the Eurocup in his first season. Kris Meeke won two rounds of the FIA World Rally Championship. Callum Bradshaw dominated the CIK-FIA Karting Academy Trophy. Finlay Kenneally won the CIK-FIA Karting European Junior Championship. We made over 20 nominations to 2016 FIA Commissions and judicial bodies.

Promoting the United Kingdom's contribution and heritage in motor sports – we run a number of programmes, projects and initiatives aimed at promoting the development of motor sport in the UK. These programmes demonstrate our contribution to the wider sport in the UK and help to consolidate our heritage as a recognised global leader on the world stage.

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

**FINANCIAL PERFORMANCE-continued**

The MSA Academy is a talent development pathway that supports young drivers to achieve their potential resulting in success on the global stage. Through this programme the MSA is taking a lead in the development of the next generation of UK drivers enabling them to achieve success on the world stage thereby further cementing the UK's heritage in motor sport.

The MSA's reputation for top quality education and training for officials is highly regarded around the world. Our international programme provides education and training for countries that require support and development. This programme provides an opportunity to build on the heritage of UK motor sport, extend its reach and exposure through this work and share best practice, thus promoting the UK's contribution to motor sport and promoting its heritage.

MSA's 2016 financial performance was affected by the following additional expenses:-

Strategy review	£84,000
Safety radio grants	£59,000
RallyFuture	£110,000
Costs relating to new CRM	£119,000

We are committed to developing the structure of the sport with the overall aim of improving sustainability and providing a platform for future growth. The key areas of delivery are:-

Clubs – to develop, nurture and actively support a vibrant network of clubs with seamless and accessible pathways into the sport.

Volunteers – to develop an environment where volunteers are valued, recognised and rewarded for their commitment and involvement in the sport.

Training and education – to develop and deliver high quality training programmes to support, nurture and develop volunteers and officials in the sport.

Performance – to identify, support and retain young talented athletes in the sport through professional coaching, education and guidance whilst embedding best practice.

The Gomotorsport programme is the MSA's club development programme. This includes club support, promotional activity and support for new events. In 2016, we supported over 850 events, reaching over 45,000 people. Our training programme utilises and supports 200 MSA trainers to deliver training to new and existing volunteers and officials throughout the year. In 2016, 14 club officials' seminars were delivered with over 500 attendees. A marshals' online training module was launched and over 6,000 people completed it with 1,700 registering with us for the first time. Additionally as part of the RallyFuture initiative, the MSA developed and delivered a new safety car workshop with over 300 attendees across 6 courses in 2016. The MSA Academy programme supports talented athletes across the spectrum of the sport. MSA Academy events and activity reached over 300 athletes in 2016 over 250 delivery days.

We continued our partnership with Susie Wolff's 'Dare to Be Different' initiative, which is aimed at inspiring, connecting, showcasing and developing female talent in motor sport.

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.

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

**FINANCIAL PERFORMANCE-continued**

**Investment Portfolio - Investec**

		<u>Market Value</u>	<u>Yield, %</u>	<u>Fund, %</u>
Equities	UK	925,746	3.4	32.1
	Overseas	786,249	1.2	27.3
Fixed Interest	UK	652,643	4.0	22.7
Alternative assets		150,738	4.9	5.2
Property		<u>196,062</u>	4.8	<u>6.8</u>
		2,711,440		94.2
Cash		<u>168,032</u>	0.1	<u>5.8</u>
		<u>2,879,472</u>	2.9	<u>100.0</u>

**Total Return Performance**

	<u>Fund-%</u>	<u>Benchmark-%</u>
Last 12 months	14.1	16.1

**Investment Portfolio - Julius Baer**

	<u>Market Value</u>	<u>Yield, %</u>	<u>Fund, %</u>
Equities	2,502,603		48.9
Fixed Interest	2,210,619		43.2
Alternative assets	152,798		3.0
Property	<u>145,762</u>		<u>2.8</u>
	5,011,782		98
Cash	<u>108,288</u>		<u>2</u>
	<u>5,120,070</u>	2.5	<u>100</u>

**Total Return Performance**

	<u>Fund-%</u>	<u>Benchmark-%</u>
Last 12 months	13.57	15.27

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 page 29.

**PRINCIPAL RISKS & UNCERTAINTIES**

The Board has overall responsibility for determining the nature and extent of the principal risks it is willing to take to achieve its strategic objectives as well establishing and maintaining the Group's systems of internal control, risk management and reviewing the effectiveness of these systems.

We have a risk management framework embedded within the business to support the identification and effective management of risk across the Group. Responsibility for the assessment and management of the risk including monitoring and updating is assigned with the Heads of Department, overseen by the Chief Executive. The risks are then consolidated into a Group Risk Register, which provides an overview of the Group risk profile. The Board regularly reviews the Group's principal risks, including those that would threaten our business model, future performance, solvency and liquidity and their mitigation.

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

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### **PRINCIPAL RISKS & UNCERTAINTIES - continued**

A failure to achieve our strategic priorities would have a significant reputational impact and threaten our ability to regulate and administer the sport. 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, reduction in the number of licence holders, failure to secure title and other sponsorship in respect of Wales Rally GB, the level & management of safety and motor sport 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 2016, our public liability cover for any motor sport incident was £65m and this cover has been increased to £67m in 2017. Regular review of the MSA safety management systems and appraising IT system architecture to ensure that our 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 operating in accordance with best practice in business integrity, ethics and maintain the highest standards of financial reporting and corporate governance.

The MSA Board is responsible for the leadership, strategic direction and overall management of the Group. The Board has delegated responsibility for these to the Chief Executive and Senior Management Team. The Chief Executive and the Senior Management are 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 Senior Management 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 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 – is appointed and meets as and when required and has responsibility to evaluate and review the balance of skills, knowledge and experience of the Board taking into account our risk appetite and strategy. The committee monitors succession plans, identifies and nominates suitable candidates for the appointment to the Board and is chaired by Alan Gow.

Remuneration Committee – is chaired by Rod Parkin. It makes recommendations to the Board regarding the remuneration of the Chairman, executive directors and members of the senior management team. The remuneration policy is designed to attract, retain and motivate the senior management team to deliver business strategy. Remuneration arrangements for senior positions incorporate performance measures linked to the business plan and individual performance criteria.

Investment Committee – monitors and reviews our investment performance, policy and strategy. It is chaired by Alan Gow.

Audit & Risk Committee – chaired by Dennis Carter. The Board has established the committee to monitor and discuss with management and the external auditors the integrity of the financial statements including quarterly and annual reports; reviewing & 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 Group's assets and the basis for the going concern assumption; significant uncertainties faced by the Group; compliance with financial reporting standards and governance reporting requirements.

**OUTLOOK**

MSA continued its comprehensive strategic review in detail and facilitate agreed implementation over the coming months. The anticipated changes to both operational and functional approach will it is believed strengthen further MSA's ability to sustain and develop the sport.

As a leisure industry, the sport is particularly susceptible to the global and national economic position and the uncertainty surrounding Brexit is currently a primary concern, not just generally, but specifically as many motor sports products and consumables are manufactured in the EU.

The decision of the European Court in the Vnuk case has created uncertainty across the EU about compulsory third party motor insurance for motor sport vehicles. This insurance is not available. The Department for Transport has begun a public consultation about possible changes to UK legislation. The MSA broadly supports the government's preferred approach, which is to implement changes to domestic legislation only after an amended Motor Insurance Directive is agreed, and which excludes regulated motor sport from compulsory motor insurance. There remains a residual risk to the MSA outlook that the EU does not amend the Motor Insurance Directive, or that the UK government does not exclude motor sport from future legislative changes. The continued uncertainty surrounding the Vnuk court decision and the manner in which the UK Government will respond is another challenge.

Overall however the national motor sport landscape remains solid and secure with the MSA committed to providing the appropriate platform.

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



**A J Gow - Chairman**

15th March 2017

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**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 2016.

**DIRECTORS**

The Directors who served throughout the year 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 (2015 - 45 days) from the date of the invoice being issued.

**CHARITABLE DONATIONS**

During the year, there were no Group charitable donations. (2015: £100,000). The Board approved donations of £57,000, principal being –

UK Air Ambulances £54,000 and £3,000 Henry Surtees Foundation. (2015 - £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 Account.

**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 2016 were as follows:-**

Binns J	Lyle I B M
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	Read P
Gaskell C A	Rees D G
Gow A J	Scott Andrews A
Hill R T	Sonés M
Jones S R	Stringwell S M
Kellitt A	Tomley C
Lapworth D	Watson I
Loveridge P J	

**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**

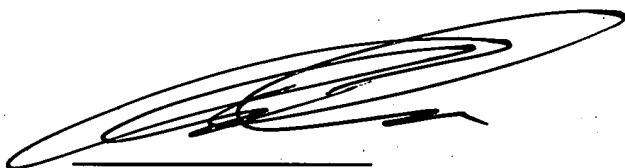
**2016 MSA BOARD MEETING NORMAL ATTENDANCE**

<u>Director</u>	<u>Board Meetings</u>	
	<u>Possible</u>	<u>Attendance</u>
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	3
A Scott Andrews	4	3
MJ Sones	4	2

After 15 years of service, I have decided to retire at the end of this year. It is now appropriate for the Board to proceed with succession arrangements.

On behalf of the Board, I would like to thank our staff and the many thousands of volunteers for providing excellent service and commitment.

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



**A J Gow - Chairman**

15th March 2017

**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 2016, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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](http://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 2016 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**

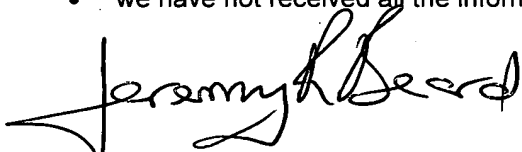
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial Statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

**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

15th March 2017

26 Red Lion Square  
London  
WC1R 4AG

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>Group Income</b>	2,3		
Governance of motor sports		<b>4,812,840</b>	4,743,301
Event promotion and commercial activities		<b><u>2,959,601</u></b>	<u>3,006,932</u>
		<b><u>7,772,441</u></b>	<u>7,750,233</u>
<b>Expenditure</b>			
Staff costs	4	<b>2,588,216</b>	2,426,482
Other administration expenses		<b>5,735,447</b>	5,352,762
Gift-aid charitable donations		<b>57,000</b>	100,000
Fair value movements		<b><u>(731,777)</u></b>	<u>98,547</u>
		<b><u>7,648,886</u></b>	<u>7,977,791</u>
<b>Operating surplus/(deficit)</b>		<b>123,555</b>	(227,558)
Other finance charge		<b>19,000</b>	-
Interest receivable and similar income		<b><u>296,413</u></b>	<u>300,288</u>
<b>Surplus on ordinary activities for the year before taxation</b>	5	<b>438,968</b>	72,730
Tax charge on the surplus for the year	6	<b><u>102,884</u></b>	<u>12,469</u>
<b>Surplus on ordinary activities after taxation for the financial year</b>		<b><u>336,084</u></b>	<u>60,261</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 2016

	2016 £	2015 £
Surplus for the financial year	336,084	60,261
Depreciation on revaluation	-	(8,600)
Surplus on revaluation	<u>230,600</u>	<u>(111,889)</u>
	566,684	(60,228)
Actuarial (loss)/gain on net pension costs	(563,000)	332,000
Movement on deferred tax relating to pension liability	117,341	(112,230)
Movement on current tax relating to pension liability	1,600	40,850
Total comprehensive income for the financial year retained	<u>122,625</u>	<u>200,392</u>

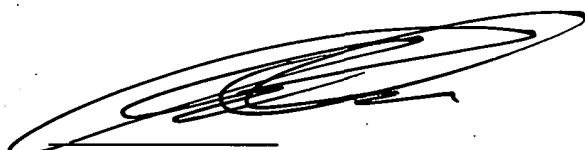
**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

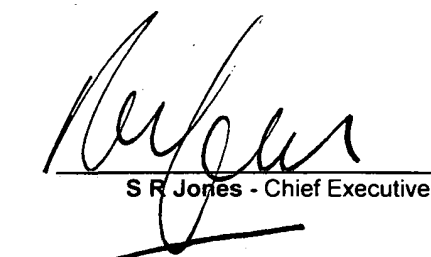
	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,872,404	1,599,839
Investments	8	7,723,222	6,955,103
<b>CURRENT ASSETS</b>			
Stocks		15,776	20,941
Debtors	9	648,669	1,164,739
Cash at bank and in hand		<u>6,383,754</u>	<u>6,450,451</u>
		7,048,199	7,636,131
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(5,930,152)</u>	<u>(6,096,005)</u>
<b>NET CURRENT ASSETS</b>		<u>1,118,047</u>	<u>1,540,126</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,713,673	10,095,068
<b>Creditors due in more than one year</b>	11	<u>(208,901)</u>	<u>(150,576)</u>
		10,504,772	9,944,492
Net Pension (liability)/asset	14	<u>(105,600)</u>	<u>332,055</u>
<b>NET ASSETS</b>		<u>10,399,172</u>	<u>10,276,547</u>
<b>RESERVES</b>			
Income and expenditure account		10,168,572	10,276,547
Property revaluation reserve	13	<u>230,600</u>	<u>-</u>
		<u>10,399,172</u>	<u>10,276,547</u>

The parent company surplus for the financial year amounted to £408,443 (2015: deficit £119,376).

The financial statements were approved and authorised for issue by the Board on 15th March 2017.

Signed on behalf of the Board of Directors

  
A J Gow - Chairman

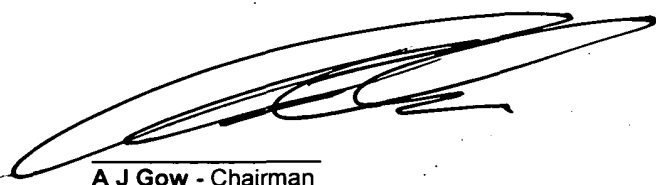
  
S R Jones - Chief Executive

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

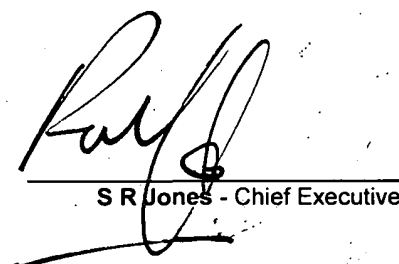
	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	7	1,777,464	1,486,746
Investments	8	<u>7,774,226</u>	<u>7,006,107</u>
		<u>9,551,690</u>	<u>8,492,853</u>
<b>CURRENT ASSETS</b>			
Stocks		15,776	20,941
Debtors	9	391,204	687,871
Cash at bank and in hand		<u>5,879,884</u>	<u>5,837,503</u>
		6,286,864	6,546,315
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(5,478,881)</u>	<u>(5,383,849)</u>
<b>NET CURRENT ASSETS</b>		<u>807,983</u>	<u>1,162,466</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,359,673	9,655,319
<b>Creditors due in more than one year</b>	11	<u>(208,901)</u>	<u>(143,590)</u>
<b>NET ASSETS</b>		<u>10,150,772</u>	<u>9,511,729</u>
<b>RESERVES</b>			
Income and expenditure account		9,920,172	9,511,729
Property revaluation reserve	13	<u>230,600</u>	-
		<u>10,150,772</u>	<u>9,511,729</u>

The financial statements were approved and authorised for issue by the Board on 15<sup>th</sup> March 2017.

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 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the financial year	123,555	(227,558)
Adjustments for:		
Net depreciation of tangible assets	179,332	352,598
(Gain)/loss on sale of tangible assets	(6,909)	(23,178)
(Gain)/loss on sale of current asset investments	(59,596)	(38,038)
Fair value movements on investments	(731,777)	98,541
Decrease/(increase) in stocks	5,165	(11,620)
Decrease/(increase) in debtors	516,070	(234,022)
( Decrease)/increase in creditors	(136,555)	122,709
Pension cost less contributions	11,000	(190,000)
<b>Cash from operations</b>	<b>(99,715)</b>	<b>(150,562)</b>
Taxes paid	(72,263)	(577)
<b>Net cash generated from operating activities</b>	<b>(171,978)</b>	<b>(151,139)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	7,687	52,864
Proceeds from sale of investments	607,457	564,560
Purchase of tangible assets	(222,073)	(107,338)
Purchase of investments	(584,203)	(936,820)
Interest received	296,413	300,288
<b>Net cash from investing activities</b>	<b>105,281</b>	<b>(126,446)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(66,697)</b>	<b>(277,585)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>6,450,451</b>	<b>6,728,036</b>
<b>Cash and cash equivalents at the end of year</b>	<b>6,383,754</b>	<b>6,450,451</b>

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>Group</b>	<b><u>Revaluation Reserve</u></b>	<b><u>Reserves</u></b>	<b><u>Fines Account</u></b>	<b><u>Total Equity</u></b>
As at 1/1/2016	0	10,276,547	0	10,276,547
<b>Comprehensive income for the year</b>				
Surplus for the year		230,160	105,924	336,084
Actuarial loss on net pension costs		-563,000		-563,000
Tax in respect of items of other comprehensive income		118,941		118,941
Surplus on revaluation	230,600			230,600
As at 31/12/2016	230,600	10,062,648	105,924	10,399,172

	<b><u>Revaluation Reserve</u></b>	<b><u>Reserves</u></b>	<b><u>Total Equity</u></b>
As at 1/1/2015	120,489	9,955,666	10,076,155
<b>Comprehensive income for the year</b>			0
Loss for the year		-60,228	-60,228
Actuarial gain on net pension costs		332,000	332,000
Tax in respect of items of other comprehensive income		-71,380	-71,380
Transfer to/(from)	-120,489	120,489	0
As at 31/12/2015	0	10,276,547	10,276,547



**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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 second year in which financial statements have been prepared under FRS102. 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, fines from the MSA disciplinary procedures 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.

The balance on the Fines Account can only be used for the provision of prizes, training or for charitable purposes.

Subscriptions are recognised as revenue in the year in which the service is provided to competitors and officials. Fees received that relate to services 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 received 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 2016**

**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.

**3. GROUP INCOME**

	2016 £	2015 £
<b>Analysis by geographical market:</b>		
United Kingdom	7,772,441	7,707,614
South America	-	42,619
	<u>7,772,441</u>	<u>7,750,233</u>

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>GROUP INCOME – continued</b>	<b>2016</b>	<b>2015</b>
<b>Analysis by principal activity:</b>		
Governance of motor sports	<b>4,812,840</b>	<b>4,743,301</b>
Event promotion and commercial activities	<b><u>2,959,601</u></b>	<b><u>3,006,932</u></b>
	<b><u>7,772,441</u></b>	<b><u>7,750,233</u></b>

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 championships, events and motor sports consultancy services.

**4. INFORMATION REGARDING DIRECTORS & EMPLOYEES**

**DIRECTORS' EMOLUMENTS**

<b>Total emoluments</b>	<b><u>£434,030</u></b>	<b><u>£411,710</u></b>
-------------------------	------------------------	------------------------

The three executive directors, Messrs Jones, Gangahar and Blunt who have authority for planning, directing and controlling the activities of the company are considered to be key management personnel. Emoluments include salary, car allowance, benefits in kind and employers national insurance.

During the year, an amount of £37,050 including employers national insurance was paid to the Chairman, Mr A J Gow. (2015: £36,070)

The highest paid Director received emoluments of £162,664 (2015: £150,455), plus £18,356 (2015: £17,395) was paid in respect of pension contributions.

Pension contributions made under the defined contribution scheme.

No. of directors in the scheme	<b><u>3</u></b>	<b><u>3</u></b>
Contribution for the year	<b><u>£45,800</u></b>	<b><u>£43,729</u></b>

There were 13 (2015: 13) Directors who served the Group during the year of which 3 (2015: 3) were executive Directors. The non-executive Directors, other than the Chairman, did not receive directors emoluments (2015: £Nil).

	<b>2016</b>	<b>2015</b>
<b>EMPLOYEES</b>		
The average number of paid employees during the year was	<b><u>51</u></b>	<b><u>48</u></b>
Executive Directors and managers	<b>19</b>	<b>18</b>
Processing and administration	<b>32</b>	<b>30</b>
Parent Company Directors - Male	<b>12</b>	<b>12</b>
- Female	<b>1</b>	<b>1</b>
Senior Managers - Male	<b>16</b>	<b>15</b>
- Female	<b>7</b>	<b>7</b>
Other Employees - Male	<b>13</b>	<b>11</b>
- Female	<b>15</b>	<b>15</b>

<b>EMPLOYEE COSTS DURING YEAR (including Directors)</b>	<b>£</b>	<b>£</b>
Salaries	<b>2,076,771</b>	<b>1,834,091</b>
Redundancy & compensation	<b>-</b>	<b>25,719</b>
Social security costs	<b>213,388</b>	<b>202,612</b>
Refund - employers national insurance re car allowance	<b>(98,510)</b>	<b>-</b>
Net Pension cost	<b><u>396,567</u></b>	<b><u>364,060</u></b>
	<b><u>2,588,216</u></b>	<b><u>2,426,482</u></b>

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**5. SURPLUS FOR THE YEAR BEFORE TAXATION**

	2016	2015
	£	£
This is stated after charging/(crediting) the following amounts		
Net Depreciation	179,332	161,335
Deficit on revaluation of freehold building	-	92,716
Fair value movement on investments	(731,777)	98,547
Auditors' remuneration - audit services	18,483	18,483
Auditors' remuneration - taxation & other services	15,862	14,718
(Gain) on disposal in current asset investment	(59,596)	(38,038)
(Gain)/Loss on sale of fixed assets	(6,909)	(23,178)
Exchange (Gains)	(47,181)	(10,170)

**6. TAX CHARGE ON THE SURPLUS FOR THE YEAR**

	2016	2015
	£	£
The charge in the Income and Expenditure Account is calculated as follows:		
UK corporation tax at 20% (2015: 20.25%)	44,559	112,860
Prior year's over provision	-	(8,048)
Deferred taxation	58,325	(92,343)
Tax charge/(credit) on surplus for the year	<u>102,884</u>	<u>12,469</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% (2015: 20.25%). The differences are explained below:

	2016	2015
	£	£
Surplus for the year before taxation	438,968	72,730
	<u>438,968</u>	<u>72,730</u>
Tax at 20% (2015: 20.25%) thereon	87,792	14,728
Effects of:		
Expenses not deductible for tax purposes	2,198	3,148
Income receivable on equity investment	(32,744)	34,271
Capital allowances in excess of depreciation	(13,359)	19,862
Movement in short term timing differences	672	40,753
Trading loss carried forward	-	(2,205)
Rate differences on current tax	-	2,303
Current tax charge for the year	<u>44,559</u>	<u>112,860</u>

**7. TANGIBLE FIXED ASSETS**

GROUP	Office Fixtures Fittings and Equipment	Computer Software	Motor Vehicles	Freehold Land and Building	Total
COST/ VALUATION	£	£	£	£	£
At 01.01.16	1,032,042	613,063	173,790	1,270,000	3,088,895
Additions	41,895	180,178	-	-	222,073
Disposals/scrapped	(2,001)	(10,288)	(30,319)	-	(42,608)
Revaluation	-	-	-	195,000	195,000
At 31.12.16	<u>1,071,936</u>	<u>782,953</u>	<u>143,471</u>	<u>1,465,000</u>	<u>3,463,360</u>
ACCUMULATED DEPRECIATION					
At 01.01.16	805,429	593,628	89,999	-	1,489,056
Provision for year	53,700	54,164	35,868	35,600	179,332
Disposals/scrapped	(1,225)	(10,288)	(30,319)	-	(41,832)
Revaluation	-	-	-	(35,600)	(35,600)
At 31.12.16	<u>857,904</u>	<u>637,504</u>	<u>95,548</u>	<u>-</u>	<u>1,590,956</u>
NET BOOK VALUE					
AT 31.12.16	<u>214,032</u>	<u>145,449</u>	<u>47,923</u>	<u>1,465,000</u>	<u>1,872,404</u>
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>

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. TANGIBLE FIXED ASSETS - continued**

COMPANY	Office Fixtures Fittings and Equipment	Computer Software	Motor Vehicles	Freehold Land and Building	Total
<b>COST/ VALUATION</b>	£	£	£	£	£
At 01.01.16	871,454	571,593	92,431	1,270,000	2,805,478
Additions	24,922	176,928	-	-	201,850
Disposals	(2,001)	-	(30,319)	-	(32,320)
Revaluation	-	-	-	195,000	195,000
<b>At 31.12.16</b>	<b><u>894,375</u></b>	<b><u>748,521</u></b>	<b><u>62,112</u></b>	<b><u>1,465,000</u></b>	<b><u>3,170,008</u></b>
<b>ACCUMULATED DEPRECIATION</b>					
At 01.01.16	704,007	553,341	61,384	-	1,318,732
Provision for year	38,472	51,356	15,528	35,600	140,956
Disposals	(1,225)	-	(30,319)	-	(31,544)
Revaluation	-	-	-	(35,600)	(35,600)
<b>At 31.12.16</b>	<b><u>741,254</u></b>	<b><u>604,697</u></b>	<b><u>46,593</u></b>	<b><u>-</u></b>	<b><u>1,392,544</u></b>
<b>NET BOOK VALUE</b>					
<b>AT 31.12.16</b>	<b><u>153,121</u></b>	<b><u>143,824</u></b>	<b><u>15,519</u></b>	<b><u>1,465,000</u></b>	<b><u>1,777,464</u></b>
<b>AT 31.12.15</b>	<b><u>167,447</u></b>	<b><u>18,252</u></b>	<b><u>31,047</u></b>	<b><u>1,270,000</u></b>	<b><u>1,486,746</u></b>

The valuation of the freehold building on which depreciation is charged amounts to £950,000. (2015: £950,000)

In December 2016, Motor Sports House was revalued on the basis of existing use by Lambert Smith Hampton, external chartered surveyors at Fair Value, as set out in FRS 102 taking into account recent transactions in the market place in the sum of £1,465,000. They have confirmed no significant change since.

	<b>GROUP</b>		<b>COMPANY</b>	
	2016	2015	2016	2015
	£	£	£	£
<b>8. INVESTMENTS</b>				
Interest in subsidiaries	-	-	51,004	51,004
Other fixed asset investments	<u>7,723,222</u>	<u>6,955,103</u>	<u>7,723,222</u>	<u>6,955,103</u>
	<u>7,723,222</u>	<u>6,955,103</u>	<u>7,774,226</u>	<u>7,006,107</u>
	<b>GROUP</b>		<b>COMPANY</b>	
	2016	2015	2016	2015
	£	£	£	£
<b>9. DEBTORS</b>				
Trade debtors	256,145	424,470	155,937	288,456
Other debtors	148,184	129,187	64,165	76,681
Prepayments and accrued income	<u>244,340</u>	<u>611,082</u>	<u>171,102</u>	<u>322,734</u>
	<u>648,669</u>	<u>1,164,739</u>	<u>391,204</u>	<u>687,871</u>

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	771,146	1,139,334	493,374	671,084
Other creditors	306,930	562,860	306,930	562,860
Other taxes and social security	74,946	80,770	53,895	54,007
Accruals and deferred income	<u>4,743,040</u>	<u>4,249,653</u>	<u>4,574,300</u>	<u>4,039,889</u>
	<u>5,896,062</u>	<u>6,032,617</u>	<u>5,428,499</u>	<u>5,327,840</u>
Corporation tax payable	<u>34,090</u>	<u>63,388</u>	<u>50,382</u>	<u>56,009</u>
	<u>5,930,152</u>	<u>6,096,005</u>	<u>5,478,881</u>	<u>5,383,849</u>

MSA effects master insurance policies in respect of public liability (including sport and social club extension) and personal accident risks. This cover extends to all events held under MSA permit or where an exemption for permit has been granted. A self - insurance fund is held on the behalf of organising clubs. The insurance fees collected are applied against costs of insurance policies including insurance premium tax, brokers fees, policy excesses, uninsured claims including legal & professional fees and administrative costs. The self - insurance fund held on behalf of the organising clubs is included in creditors to be used for uninsured claims, policy excesses including legal and professional fees. The balance as at 31.12.2016 was £3,264,270 (2015 - £2,886,448). An equal amount is held in cash on behalf of organising clubs. An annual review is undertaken and the provision no longer required, on settlement of all claims, will be remitted to the organising clubs.

**11. CREDITORS DUE IN MORE THAN ONE YEAR**

	<u>GROUP</u>	<u>COMPANY</u>
	2016	2016
	£	£
<b>Deferred taxation</b>		
At 01.01.2016	(150,576)	(143,590)
Movement in the year	<u>(58,325)</u>	<u>(65,311)</u>
At 31.12.2016	<u>(208,901)</u>	<u>(208,901)</u>

Deferred taxation provided in the accounts is as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2016	2015	2016	2015
	£	£	£	£
Fixed asset timing differences	(29,647)	(16,184)	(29,647)	(9,198)
Short term timing differences	858	343	858	343
Deferred tax on property	(80,943)	(46,425)	(80,943)	(46,425)
Provision for deferred tax on fair value movement on investments	<u>(99,169)</u>	<u>(88,310)</u>	<u>(99,169)</u>	<u>(88,310)</u>
Deferred tax excluding that relating to pension asset	(208,901)	(150,576)	(208,901)	(143,590)
Pension asset (note 14)	<u>26,400</u>	<u>(90,945)</u>	-	-
<b>Total provision for deferred tax</b>	<u>(182,501)</u>	<u>(241,521)</u>	<u>(208,901)</u>	<u>(143,590)</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**

	<u>Group</u>	
	2016	2015
<b>Financial Assets</b>		
Financial assets measured at fair value through profit or loss	7,723,222	6,955,103
Financial assets that are debt instruments measured at amortised cost	<u>404,329</u>	<u>553,657</u>
	<u>£8,127,551</u>	<u>£7,508,760</u>
<b>Financial Liabilities</b>		

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**13. PROPERTY REVALUATION RESERVE**

	<b>GROUP &amp; COMPANY</b>
	<b>£</b>
<i>At 01.01.2016</i>	
Surplus on revaluation	<b>230,600</b>
<b>At 31.12.2016</b>	<b><u>230,600</u></b>

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

The Income and Expenditure Account represents accumulated comprehensive income for 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 2015 under the continuing valuation basis. Upon the advice of the scheme actuary, a contribution rate of 39.3% of pensionable earnings was used in 2016. (2015: 36.5%) The net pension charge under the Scheme was £161,287 (2015: £148,415) inclusive of a special contribution of £Nil (2015: £200,000) for the year and the associated insured benefits costs were £35,363 (2015: £41,983).

**Section 28 of FRS 102 calculation** - This has been adopted in full with effect from 1 January 2016. The last actuarial valuation report as at 31 December 2015 was updated to 31 December 2016 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary were:-

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>%pa</b>	<b>%pa</b>	<b>%pa</b>	<b>%pa</b>
Salaries growth	<b>3.0</b>	<b>3.1</b>	<b>3.1</b>	<b>3.6</b>
Discount rate	<b>2.7</b>	<b>3.9</b>	<b>3.6</b>	<b>4.6</b>
Allowance for pension in payment increases of RPI or 5%pa, if less	<b>3.4</b>	<b>3.1</b>	<b>3.1</b>	<b>3.6</b>
Allowance for revaluation of deferred pensions of RPI or 5%pa, if less	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Allowance for revaluation of deferred pensions of CPI or 5%pa, if less	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>3.1</b>
Inflation (RPI)	<b>3.6</b>	<b>3.1</b>	<b>3.1</b>	<b>3.6</b>
Allowance for commutation of pension for cash at retirement	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

The mortality assumptions adopted at 31 December 2016 imply the following life expectancies at age 65:-

Male retiring in 2016	21.9 years	Female retiring in 2016	23.9 years
Male retiring in 2036	23.2 years	Female retiring in 2036	25.4 years

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

	<b>Value at 31/12/16</b>	<b>Value at 31/12/15</b>	<b>Value at 31/12/14</b>
	<b>£</b>	<b>£</b>	<b>£</b>
UK Equities	-	-	2,940,000
Overseas Equities	3,199,000	2,627,000	-
Gilts	1,784,000	1,236,000	-
Diversified Growth Funds	2,584,000	2,649,000	-
Net cash	<u>(38,000)</u>	<u>167,000</u>	<u>3,337,000</u>
Fair value of plan assets	<b>7,529,000</b>	<b>6,679,000</b>	<b>6,277,000</b>
Present value of defined benefit obligation	<u>(7,661,000)</u>	<u>(6,256,000)</u>	<u>(6,376,000)</u>
(Deficit)/Surplus in the plan	<b>(132,000)</b>	<b>423,000</b>	<b>(99,000)</b>
Related deferred tax on (Deficit)/Surplus in the plan	<u>26,400</u>	<u>(90,945)</u>	<u>21,285</u>
Net pension (liability)/asset	<b><u>(105,600)</u></b>	<b><u>332,055</u></b>	<b><u>(77,715)</u></b>

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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**

	2016	2015
	£	£
Current service cost	149,000	153,000
Net Interest cost	(19,000)	-
Expected return on scheme assets	-	-
Past service cost	-	-
Losses/ (gains) on Curtailments and Settlements	-	-
Defined benefit costs	<u>130,000</u>	<u>153,000</u>

**Defined benefit costs recognised in Other Comprehensive Income:**

	2016	2015
	£	£
Return on plan assets	492,000	(128,000)
Experience gains arising on the plan liabilities	65,000	21,000
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	<u>(1,120,000)</u>	<u>439,000</u>
	(563,000)	332,000
Effects of changes in the amount of surplus that is not recoverable	-	-
Total amount recognised in comprehensive income – (loss)/gain	<u>(563,000)</u>	<u>332,000</u>

**Reconciliation of opening and closing balances of the defined benefit obligation**

	2016	2015
	£	£
Scheme benefit obligation at the start of the period	6,256,000	6,376,000
Current service cost	149,000	153,000
Interest cost	246,000	231,000
Curtailments and Settlements	-	-
Benefits paid and death in service insurance premiums	(45,000)	(44,000)
Past service costs	-	-
Actuarial losses/(gains)	<u>1,055,000</u>	<u>(460,000)</u>
Defined benefit obligation at the end of the period	<u>7,661,000</u>	<u>6,256,000</u>

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

	2016	2015
	£	£
Fair value of scheme assets at start of period	6,679,000	6,277,000
Interest income	265,000	231,000
Actuarial gains/(losses)	492,000	(128,000)
Contributions by scheme participants	-	-
Gross Contributions by employer:		
- Ordinary	138,000	143,000
- Special	-	200,000
Benefits paid and expenses	<u>(45,000)</u>	<u>(44,000)</u>
Fair value of plan assets at the end of period	<u>7,529,000</u>	<u>6,679,000</u>

The actual return on the scheme assets over the year ended 31st December 2016 was £757,000 (2015: £103,000).

**A historical five years summary**

	2016	2015	2014	2013	2012
	£	£	£	£	£
Fair value of plan assets	7,529,000	6,679,000	6,277,000	5,974,000	5,231,000
Defined benefit obligation	7,661,000	6,256,000	6,376,000	5,339,000	4,864,000
(Deficit)/Surplus in the plan	(132,000)	423,000	(99,000)	635,000	367,000



**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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 2017 is £161,300.

**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 £199,917 (2015: £173,662). The Group accruals include pension contributions due but not yet paid of £5,050 (2015: £1,695)

**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 2016 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%
<b>Dormant</b>			
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%
<b>Dormant</b>	<b>Limited company with no share capital</b>		<b>Portion held</b>
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.

**17. RELATED PARTY TRANSACTIONS**

MSA is ultimately controlled by the members 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 the Company transacts.

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	£211,950
Purchases, net of vat	£nil
Balance due to MSA as at 31.12.2016	£nil
Balance due to BARC as at 31.12.2016	£nil

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**17. RELATED PARTY TRANSACTIONS - continued**

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 £Nil during the year to 31.12.2016 (2015: £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 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 'SMS' to represent the interests of two and four wheel motor sport in Scotland. SMS 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 £4,170 was paid to Mr Scott Andrews in respect of legal services provided. (2015:£8,154).

**THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED**  
**ADDITIONAL INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The additional information on pages 28 – 29 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Group Income	<u>6,826,542</u>	<u>7,807,046</u>	<u>7,318,119</u>	<u>7,750,233</u>	<u>7,772,441</u>
Operating surplus before gift-aid donation & deficit on impairment in current asset investment	561,907	426,099	142,618	127,558	180,555
Gift-aid charitable donation	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(57,000)</u>
Operating surplus/(deficit) for the year	461,907	326,099	42,618	(227,558)	123,555
Other finance charge	(28,000)	(34,000)	11,000	-	19,000
Interest receivable	<u>322,516</u>	<u>293,616</u>	<u>297,839</u>	<u>300,283</u>	<u>296,413</u>
Surplus for the year before taxation	756,423	585,915	351,457	72,730	438,968
Tax charge on the surplus for the year	<u>(154,402)</u>	<u>(132,246)</u>	<u>(103,598)</u>	<u>(12,469)</u>	<u>(102,884)</u>
Surplus for the year after taxation	602,021	453,689	247,859	60,261	336,084
Recognised in the Comprehensive Income Statement	<u>(84,539)</u>	<u>(72,193)</u>	<u>(719,687)</u>	<u>140,131</u>	<u>(213,459)</u>
Movement in the year	517,482	381,476	(471,828)	200,392	122,625
Net Prior Year Adjustments	-	844,327	-	-	-
Net Group assets brought forward	<u>8,804,696</u>	<u>9,322,180</u>	<u>10,547,983</u>	<u>10,076,155</u>	<u>10,276,547</u>
Net Group assets carried forward	<u>£9,322,180</u>	<u>£10,547,983</u>	<u>£10,076,155</u>	<u>£10,276,547</u>	<u>£10,399,172</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Race</b>					
International	1,393	1,388	1,429	1,503	1,635
National A	4,180	4,186	4,357	4,453	4,519
National B	4,529	4,494	4,358	4,474	4,581
International Historic	366	309	298	247	248
Truck	31	30	37	36	39
<b>Total Race</b>	<u>10,499</u>	<u>10,407</u>	<u>10,479</u>	<u>10,713</u>	<u>11,022</u>
<b>Kart</b>					
International	221	232	245	242	232
National A	1,760	1,571	1,433	1,295	1,295
National B & Clubman	2,272	2,183	2,152	2,116	1,981
Kart - PG	2,054	1,926	1,882	1,802	1,745
<b>Total Kart</b>	<u>6,307</u>	<u>5,912</u>	<u>5,712</u>	<u>5,455</u>	<u>5,253</u>
<b>Rally</b>					
International	273	228	230	243	257
National A	2,027	1,954	1,875	1,809	1,744
National B	3,981	3,956	3,982	4,054	3,988
Navigator	1,039	1,040	963	978	918
International Historic	11	11	15	13	9
<b>Total Rally</b>	<u>7,331</u>	<u>7,189</u>	<u>7,065</u>	<u>7,097</u>	<u>6,916</u>
<b>Speed</b>					
International	17	14	11	13	14
National A	1,435	1,422	1,433	1,478	1,431
<b>Total Speed</b>	<u>1,452</u>	<u>1,436</u>	<u>1,444</u>	<u>1,491</u>	<u>1,445</u>
<b>Off-Road</b>	86	83	86	84	84
<b>Drag</b>	71	72	85	85	79
<b>Non-Race Nat B</b>	6,335	6,190	6,102	6,154	6,008
<b>Clubman</b>	1,094	1,111	1,000	1,013	967
<b>Entrant</b>	257	249	234	248	226
<b>TOTAL LICENCES</b>	<b>33,432</b>	<b>32,649</b>	<b>32,207</b>	<b>32,340</b>	<b>32,000</b>

Number of Events by discipline

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Autotest</b>	728	782	865	919	903
<b>Auto/Rallycross</b>	55	69	63	57	58
<b>Cross Country</b>	1,171	1,158	1,123	1,118	1,105
<b>Race</b>	329	334	336	334	325
<b>Rallies</b>	882	809	744	750	740
<b>Speed</b>	316	330	340	339	319
<b>Trials</b>	221	218	233	232	238
<b>Kart</b>	454	415	460	437	454
<b>Exempt</b>	766	765	802	788	773
<b>TOTAL EVENTS</b>	<u>4,922</u>	<u>4,880</u>	<u>4,966</u>	<u>4,974</u>	<u>4,915</u>
<b>TOTAL ENTRIES</b>	<b>138,533</b>	<b>134,795</b>	<b>138,926</b>	<b>140,405</b>	<b>133,839</b>