

MOTORSPORT UK ASSOCIATION LIMITED

2021 Report and Financial Statements

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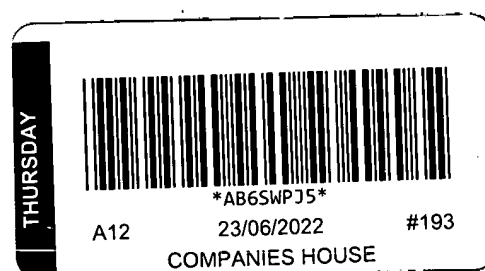
Company Registration Number: 1344829

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Bicester Heritage
Bicester
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Bankers:
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Haysmacintyre LLP
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MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT

Activities

The principal activities of the Parent Company, Motorsport UK Association Limited trading as Motorsport UK, are to administer and finance the governance of motor sport in the United Kingdom for motor vehicles with four wheels (or more) and, together with its subsidiary 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 purpose of Motorsport UK is to encourage, administer, promote, advance and manage four-wheel motorsport in the UK, as the National Sporting Organisation recognised by the FIA, the world governing body for motorsport. To embrace the full diversity of four-wheel motorised entertainment beyond the existing directly regulated categories and events.

Over the last 3 years, Motorsport UK has focused on devising a strategy, representative of the best interests of the sport at large, to the public and private sectors, and providing a strong collective approach across the four-wheel motorsport community. The goal is to give the sport greater health and financial stability in the long run and establish a clear vision, mission and key strategic objectives.

Vision

A nation inspired by the past, present and future of our shared passion for motorsport.

A sport that thrives on our world-leading expertise in motorsport technology, our competitive spirit and our deep community roots.

Mission

To inspire and enable more people to participate in our sport in a safe, fair, fun, inclusive and progressive environment.

To use our reach and influence to create a sustainable future for our sport.

Strategic Objectives

- 1. To be people and member focused:** Recognising the importance of customer service and the quality of people focused on delivering this goal.
- 2. Participation through inspiration:** Motorsport needs to be positioned as an affordable, fun pastime with easy access and a strong community.
- 3. Product strength and innovation:** Categories of vehicles and competition formats need to be developed to fit with modern lifestyles.
- 4. Governance and regulation:** The sport must be run in a fair and safe manner for all participants and support personnel - and provide great entertainment.

The Senior Management Team ("SMT"), led by the Chief Executive Officer and supported by the function heads, is responsible for planning, directing and controlling the activities of the organisation as well as regularly attending Board Meetings. The employees occupying these roles as at 31 December 2021 were as follows:

Chief Executive Officer – H B Chambers

Sporting, Technical & Safety Director – J Ryan

Commercial Director – C Clark

Operations Director – C Walkingshaw

Director of Learning & Development – S Sanders

Finance Director – C Murray

Director of Marketing & Communications – D Smith

Head of People – M Johnson

General Secretary – S Bult (resigned 14 March 2022)

On 21 February 2022, I Smith was appointed as Technical Director, this role having been covered by J Ryan throughout the period spanning the Covid-19 pandemic and relocation to Bicester.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Chief Executive Officer's Review

2021 proved to be a second year compromised by the impact of the global COVID pandemic. The year started with all four home nations entering into the third national lock down on the 4th of January. This was following a year of traumatic disruptions including the imposition of a lock down at the time of launch for the 2021 competition licences at the start of December.

Given this uncertainty, it was decided to create a renewal offer for 2020 licence holders to reflect the compromise they had faced in that year, and this was expressed in the form of a 30% discount, if renewed by the end of January 2021. This undoubtedly had a positive effect on early renewals, albeit at the cost of the discount, with some 13,109 having renewed by the expiry date. To some extent the campaign simply brought forward renewals, but it provided advanced cashflow and certainty in an unstable market. Thereafter the trajectory of licence uptake did slow down, but the broad lifting of restrictions at the end of March allowed for a further lift in sales. Altogether the year ended with 26,628 licences issued, which was some 86% of the comparable 2019 numbers, and successfully higher than the planned budget.

Across the range of disciplines, circuit racing led the way with a final tally not far off 2019 for the category, while at the other extreme rally was severely impacted, firstly by COVID restrictions on co-drivers in the cars, and later the forestry estates were slow to re-open to leisure visitors, with stage rallying most effected. However, when stage rallying did resume in the autumn many event organisers experienced high levels of entries and in many cases record numbers. This was also reflected in circuit racing that through the summer months had experienced large grid sizes and an enthusiastic return for the community. By year end the level of permits issued and the total size of entries had also reached some 80% of the 2019 benchmark.

Against this backdrop the organisation had set a target of achieving operating level break-even for 2021, after several years of losses, and significant changes in the corporate structure including the relocation of the Motorsport HQ to Bicester. This move was managed efficiently, and involved the sale of the previous HQ near Slough to fund the acquisition of a new building on the Bicester Heritage site. This has proven to be tremendously successful, delivering much better engagement with the UK motorsport community, and a clean break from the past, in a modern building has had a significant regeneration of the core culture of the organisation. This was in part due to the influx of a significant number of staff to replace those that had taken the option of redundancy rather than relocation, giving a subsequent shift in the age and gender, with a younger median age and parity between male and female employees.

The work of the committee volunteers continued to be invaluable to the sport, and in addition to the established committees, a new structure of Equality, Diversity and Inclusion committees were created. The racial diversity committee showed real leadership in the world's first conference on racial diversity in December, while Girls on Track continued to pave the way worldwide in engagement with girls and building entry points into the sport. The Motorsport UK Sustainability Strategy was published, and was capitalised on by the recruitment of a highly experienced manager for Sustainability and EDI.

Motorsport UK continued to organise, and in some cases be the promoter of, events and championships. At the pinnacle of events is the organisation of the Formula One British Grand Prix at Silverstone. This is an extremely complex logistical exercise focused on delivering the officials and marshals for the event, and is managed successfully as a joint venture with Silverstone Circuits Ltd. The British Kart Championship continued to flourish, with over 500 Championship registrations, and packed grids across the classes from Cadets at 8 years old through Juniors and Seniors, with electric Bambino karts being showcased for drivers as young as 6 years old. The British F4 Championship came to a pivot point in the summer of 2021, with long term partner Ford withdrawing and coinciding with the FIA introducing a new generation car focused on improved safety, including a Halo device. After careful analysis, Motorsport UK decided to take over the management and organisation of British F4 for 2022, announcing this in a media launch at Bicester in October.

Although the year was marked by significant restructuring, relocation and COVID impact, it nevertheless proved to be a very successful step forward along the path to deliver the overall vision and mission: Ensuring the long term sustainability of motorsport in the UK. With the fundamental building blocks in place, 2021 can be viewed as the turning point from strategic intent to practical delivery, and creating a springboard for 2022.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Financial Results and Key Performance Indicators

Overall Financial Performance

The Group reported a surplus on ordinary activities before tax of £1,389k (2020: £1,299k deficit) which after tax and the net gains on the pension liability resulted in retained earnings of £2,001k (2020: £2,182k deficit). This financial result has seen the Group's net asset increase to £10,409k (2020: £8,408k) at the year end.

The financial result reflects a combination of several key factors including the one-off sale of the Group's freehold property which resulted in a profit of £808k (2020: £nil) being reported in the income statement, the gains reported on the Group's investment portfolio of £957k (2020: £31k) as well as the general increase in activity following the COVID-19 pandemic combined with good cost control throughout the lifting of the restrictions. The increase in activity saw the Group realise some of the benefits from the commercial restructuring implemented for 2020 however, the financial benefits were severely restricted due to the pandemic. These positive factors were partially offset by exceptional costs of £241k (2020: £548k) in the year, mainly attributable to staff restructuring and relocation expenses associated following the move to Bicester.

The Senior Management Team ("SMT") also uses a non-GAAP definition of Operating Profit/Loss as a key internal measure of financial performance which the SMT feel represents the operational activity of the group. This operating result is based on the Surplus on Ordinary Activities before Tax, as reported in the Income Statement, less the stated profit on disposal of freehold property, net investment gains/losses and exceptional costs. The operating result for the year to 31 December 2021 equates to a loss of £0.1m (2020: £0.8m) in line with the budget despite the impact of the restrictions.

Group Income

The Group reported a 32% increase in income for the year to 31 December 2021, totalling £9,332k (2020: £7,047k). Income is attributable to governance activities, representing £7,324k (2020: £5,409k) and events & commercial activities, representing the remaining £2,008k (2020: £1,638k).

Governance activities includes income from annual competition licences which, despite an increase in the number of licences issued in 2021 to 26,628 (2020: 24,441), reported a slight decrease in income for the year with the total income of £2,922k (2020: £3,041k). This is predominately attributable to the decision to offer "early bird" discounts for 2021 in light of the curtailed 2020 season to encourage competitors to renew their licences for 2021. The other key element included within governance activities is event Permit fees which includes the insurance contributions and totalled £2,477k (2020: £1,211k) for the year. This significant increase represents the rise in motorsport activity during 2021 following the pandemic with the number of entries for the year totalling 101,859 (2020: 52,075). Whilst both competitor licence and entry numbers saw an increase in 2021 compared to 2020, both remain below pre-pandemic levels with 2019 figures being 31,107 and 121,604 respectively. The free of charge RS Clubman licence, launched in 2020 and aimed at grassroots competitors, totalled 20,608 in the year (2020: 17,077). Overall, this represents a strong recovery from the pandemic when considering the strict conditions in place during Q1-2021 and the gradual lifting of restrictions during Q2-2021.

Other sources of income relating to governance activities includes learning & development activity such as FIA regional training, provider and sport grant programmes as well as track licences, championship & series registration fees, novice driver programmes and starter packs as well as the processing of technical documentation. These activities together with the fees received in 2021 for producing COVID travel exemption letters resulted in a year-on-year increase of £0.8m compared to 2020.

Events and commercial activities represent the income from championships and events which are organised and promoted by Motorsport UK and totalled £2,008k (2020: £1,638k) for the year. Many of these championships and events were severely compromised in 2020 due to the pandemic and, following restart at the end of Q1-2021, the Group reported year on year increases in income from the British Kart Championships, Super Kart Championship and the British Rally Championship as well as the fees received for organising the British Grand Prix, the UK round of the FIA Formula One World Championship. There was no UK round of the FIA World Rally Championship in 2021 and no corresponding income in the year. This represented a decrease on 2020 when income was received following the recovery of pre-event costs which were incurred before it became evident that the event could not run successfully due to the pandemic. In addition, Motorsport UK also received income during the year relating to international event consultancy services, providing support to both the Equator Rally and Safari Rally Kenya in 2021.

**MOTORSPORT UK ASSOCIATION LIMITED
GROUP STRATEGIC REPORT - CONTINUED**

Financial Results and Key Performance Indicators (continued)

Expenditure

Generally, costs were tightly controlled during the restrictions that were in place during Q1-2021, this practice continued whilst the restrictions were gradually lifted during Q2-2021 which provided the SMT with the platform to manage spend accordingly as Motorsport activity returned to more normal levels in the second half of the year.

Staff costs totalled £3,316k for the year (2020: £3,134k) with the average number of employees in the year totalling 59 (2020: 57). As a result of the COVID-19 pandemic, there was no annual cost of living increase in staff salaries. The increase in cost year on year reflects the modest increase in employee numbers as well as the mix of staff with several new joiners and leavers following the relocation to Bicester. These figures do not include any Government Grant income received under the Coronavirus Job Retention Scheme which totalled £25k for the year (2020: £169k) and is reported separately as Other income on the face of the Income Statement.

Other administrative expenses costs increased significantly during the year, as would be expected following the pandemic and is in line with the increase in activity and income. Total administrative expenses for the year were £6,205k (2020: £5,000k), over half of this increase relates to Event costs and Insurance premium costs which are directly linked to Motorsport activity and income. The remainder of the year on year increase is spread across a number of operational and overhead areas which, as expected, all increased as the pandemic restrictions lifted combined with the move to the new Bicester office and employees returning to work with a full year of rent, rates and utility costs as well as depreciation on new fixed assets, legal & professional fees and the cost of unrecovered VAT as a result of restrictions due to the Group's partial exemption VAT status.

The Group incurred exceptional costs of £241k (2020: £548k) during the year, of which £241k (2020: £192k) related to staff restructuring and relocation expenses following the relocation to the new Bicester office.

In the prior year, following the decision to relocate, the Group had to dispose of fixed assets, which could not be relocated or were replaced as part of the relocation which resulted in a loss on disposal of £168k in 2020. The organisation had also committed to providing financial support to its member clubs in response to the Covid-19 pandemic, in the form of the Club Continuity Grant Fund. Payments totalling £188k were paid out during 2020. There were no further costs or payments of this nature incurred in 2021.

Investment Performance

Motorsport UK has a nominated Investment Committee who are responsible for reviewing the performance of the investment managers. Following the strategic decision in the prior year to diversify the investments, moving the allocation of UK equities to a larger share of global equities to reduce risk and increase potential for future growth and with the significant impact of the pandemic, the focus in 2021 was on monitoring the recovery of the investment portfolios and the performance of the respective investment managers during this period.

Motorsport UK continued with two investment managers, Investec and Julius Baer throughout 2021. 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. In the short term, the Group will use the Investments to fund the annual deficit reduction payments to the Group's defined benefit pension scheme.

Overall returns during 2021 were satisfactory with investment gains totalling £957k in year (2020: £31k) attributable to realised gains on sale of investments of £318k (2020: £42k loss) and an increase in the market value of investments of £638k (2020: £73k). Dividends and interest received from investments during the year were £146k (2020: £167k). The investment committee will continue to review the performance of the investment managers during 2022 against challenging national and international market conditions.

Profit on Sale of Freehold Property

During the year the Group sold its freehold property, with a profit on disposal of £808k shown in the Income Statement as well as the realisation of the £527k property revaluation reserve, representing an overall profit of £1,335k on the original purchase price.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Financial Results and Key Performance Indicators (continued)

Defined Benefit Pension Scheme

The Group operates a defined benefit pension scheme which is closed to new entrants and future accrual but is still subject to a full actuarial valuation every 3 years and an annual update, performed by a qualified actuary, for accounting purposes. The last full actuarial valuation was performed as at 31 December 2018 and the Group agreed to make annual payments to the pension scheme as part of a deficit reduction plan with payment of £221k made in January 2021 (2020: £215k). A further £228k was paid in January 2022.

The next full actuarial valuation, as at 31 December 2021, will be completed during 2022 however, the annual update prepared for accounting purposes to 31 December 2021 reported a significant improvement in the position of the scheme. At the end of 2021, the valuation reported a gross surplus of £576k (2021: £1,078k deficit) with the movement in the year attributable to actuarial gains of £1,449k combined with the £221k deficit reduction payment. Management will work with the trustees and pension advisors to look at options to proactively manage the scheme assets and liabilities.

The Board

The Board is collectively responsible for the long-term success of the company by directing and supervising the affairs of the company. It is accountable to the members for the company's strategic aims, risk management, maintaining its systems of internal control and reviewing the effectiveness of these systems. The Chief Executive has delegated authority from the Board to manage the affairs of the company, subject to the strategic direction of the Board. He is responsible for the achievement of the objectives set by the Board and for preparing, developing and implementing an overall strategy to enable the company to achieve its objectives.

Principal Risks & Uncertainties

Our framework enables the Group to draw assurance that the risks to which the Group may be exposed are being appropriately identified and managed and that risks that may present material financial loss or damage to our reputation are being minimised.

Responsibility for the assessment and management of the risk including monitoring and updating is assigned to the Senior Management Team, 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, liquidity and their mitigation.

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:-

- Long term declining licence numbers.
- Lack of visibility for motorsport in mainstream media
- Lack of younger demographics across competitor, marshal and officials' communities
- Shortage of marshals and officials to run events safely
- Concerns around accessibility and diversity
- Need for better and more consistent education and training
- Increasing cost of insuring our sport
- Increased competition for share of peoples' leisure time
- Growing environmental and sustainability pressures

Key mitigating actions include:- keeping sufficient and liquid reserves, robust credit processes and controls, a diversified investment portfolio managed by experienced managers, sustainability & EDI committees and, public liability cover for any motor sport incident to £100m. Regular review of the Motorsport UK safety management systems, accident claims and appraising IT system architecture to ensure that our systems are robust, readily available for our customers and secure from cyber-attack.

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

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Corporate Governance

As the UK National Governing Body, Motorsport UK is committed to the best practice principles of good corporate governance, ensuring its structure is effective, simple and transparent to the whole motorsport community whilst ensuring it follows a structure in line with best practice in modern sports governance.

Motorsport UK is further committed to ensuring that all motorsport is safe, fair and fun, adopting best practice for compliance and safeguarding whilst continuing in its mission to improve Diversity and Inclusion across the sport overall. The Governance structure and constitution is in line with that of a tier 3 National Governing Body and is detailed below.

Motorsport UK is represented by a Board of Directors; professionals who are drawn from both the sport and external disciplines with the required skills and expertise. The non-executive Directors are appointed through different channels. The Chair of the Board is selected by the Nominations and Appointments Committee and sits on the Motor Sports Council. Four Directors are nominated by the Motor Sports Council including the Motor Sports Council Chair. Four independent Directors are appointed by the Nominations and Appointments Committee and approved by the Board. The non-executive Directors are also Members of the company. The Chief Executive sits on the board ex officio. A Senior Independent Director is appointed annually by the non-executive Directors of the Company. A Directors' Register of Interests is reviewed regularly by the Board to ensure that personal and business interests do not give rise to conflicts of interest.

The Board has delegated oversight of day-to-day business operations to the Chief Executive, whose office is managed by the permanent Motorsport UK staff. Seven committees operate by delegated authority from the Board:

- The Motor Sports Council informs and advises the Board on key issues, providing a conduit of information from the full spectrum of UK motorsport and giving guidance to the Board on key issues.
- The Audit and Risk Committee oversees financial reporting transparency and risk management, meeting independently with the auditors. The committee members are all non-executive Directors, and the committee reports to the Board through its Chair. The Committee also met external auditors without the presence of management.
- The Nominations and Appointments Committee appoints 6 of the non-executive Directors and is chaired by the Chair of Motorsport UK.
- The Remuneration Committee sets the overall remuneration for the Chief Executive and the each of the senior management team by reference to individual performance. The committee members are all non-executive Directors; and the committee reports to the Board through its Chair.
- The Investment Committee sets the investment policy for Motorsport UK, and monitors performance of external investment managers. The committee Chair is the Chair of the Audit Committee, and the Finance Director reports to the Investment Committee on all investment matters.
- The Sustainability Committee defines the Company's Sustainability policy and the overall sustainability of motorsport in the UK. The committee members are all proposed by the Nominations and Appointments Committee.
- The Equality Diversity and Inclusion Committee is responsible for developing a programme to promote a fairer sport for all.

In accordance with the Companies Act 2006, the Directors reports and financial statements are presented to the Members at the Annual General Meeting, and the Members also appoint the auditors for the following year.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Outlook

After the turmoil of the two previous years, the plan for 2022 is to consolidate the momentum, capitalising on the capability of the organisation that had been fundamentally restructured, and deliver against the stated vision and mission. Within this context, the Group's financial budget and operational plan were agreed at the November 2021 Board meeting. The plan, as in 2021, is based on delivering an operational break-even budget, with increases in revenue linked to both the number of competition licenses set at 28,800 (2021: 26,628) and a rise in permit fee income associated with competitor entries as the recovery from the pandemic.

The increases in revenue will be deployed across a wide range of projects, balanced across the four strategic pillars:

- 1. To be people and member focused:** Recognising the importance of customer service and the quality of people focused on delivering this goal.
- 2. Participation through inspiration:** Motorsport needs to be positioned as an affordable, fun pastime with easy access and a strong community.
- 3. Product strength and innovation:** Categories of vehicles and competition formats need to be developed to fit with modern lifestyles.
- 4. Governance and regulation:** The sport must be run in a fair and safe manner for all participants and support personnel - and provide great entertainment.

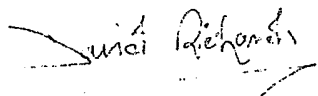
At the core of these initiatives are 12 projects that aim to deliver significant innovation, and range from the introduction of StreetCar as a marketing campaign for accessible motorsport, through the development of digital vehicle passports and the implementation of sport wide behavioural change with 'Race with Respect'.

The events team are focused on the delivery of the British Grand Prix to record crowds, the management of the new for 2022 ROKiT British F4 championship as well as the fourth year managing the British Kart Championship. The latter continues to flourish, and will receive further momentum in 2023 with a planned restructure of kart classes and subsequent boost of interest for new categories.

At the core of long term sustainability of the sport sits the need to engage with the community and provide support in the officials, marshals and competitors pathways. Investment in a new team dedicated to the community interface will provide a more focused and content rich engagement across the sport.

The early indications from Licence numbers as well as event and entry numbers are positive however, management are aware of the national and international economic challenges and the potential adverse impact this could have on the recovery. Management will continue to monitor this throughout 2022 and will take appropriate action in order to maintain the target of delivering a balanced budget for 2022.

To date, the impact of the global challenges has been felt through the valuation of the Group's investment portfolio, reporting a reduction in market value of c.7% during Q1-2022.



D P Richards CBE - Chair

MOTORSPORT UK ASSOCIATION LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited group financial statements for the year ended 31 December 2021.

Directors

The Directors who served throughout the year were:

DP Richards - Chair
HB Chambers - Chief Executive Officer
HK Bashford-Malkie
CL Bond Muir
K Chandhok - Appointed 02 June 2021
CR Cooper
WD Lapworth
NEH Moffitt
JR Norbury
TFG Purves
RG Wills - Senior Independent Director

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 a period of no less than 12 months from the date of approval of these financial statements. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Financial Instruments

The Group has positive cash and investment asset balances as well as a loan facility with Julius Baer which facilitated the relocation to Bicester. As a condition to secure the funding, Julius Baer have a legal charge against the investment portfolio they manage. In addition, further commercial loans were entered into in order to facilitate the fit-out of the new headquarters.

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 (2020 - 45 days) from the date of the invoice being issued.

Charitable Donations

During the year, there were no Group charitable donations. (2020: £nil).

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.

MOTORSPORT UK ASSOCIATION LIMITED
DIRECTORS' REPORT- continued

The Members as at 31 December 2021 were as follows:-

Bashford-Malkie HK	Nicholls GJ
Bond Muir CL	Norbury JR
Broad M	Palmer JC
Chambers HB	Parker PR
Chandhok K	Purves TFG
Cooper CR	Pollitt N
Denham RA	Reynolds-Jones TG
Evans P	Richards DP
Foster P	Robinson G
Dr Fraser S	Tate C
Gow AJ	Dr Trafford P
Johnson ST	Taylor S
Killington L	Turner D
Lapworth WD	Veggel van P
Linton R	Watson I
McMorran P	Wills RG
Moffitt NEH	Woodcock C

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.

MOTORSPORT UK SPORTS ASSOCIATION LIMITED
DIRECTORS' REPORT- continued

Provision of Information to Auditors

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

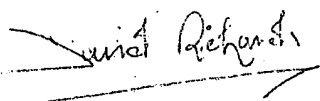
- so far as that Director is aware, there is no relevant audit information of which the Company's and Group's auditors are unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's and Group's auditors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

2021 Motorsport UK Board Meeting Normal Attendance

Director	Board	Meetings
	Possible	Attendance
DP Richards	5	5
HB Chambers	5	5
HK Bashford-Malkie	5	5
CL Bond Muir	5	5
K Chandhok	2	1
CR Cooper	5	5
WD Lapworth	5	5
NEH Moffitt	5	5
JR Norbury	5	4
TFG Purves	5	5
RG Wills	5	5

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



D P Richards CBE - Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTORSPORT UK ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Motorsport UK Association Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Company and Group Statement of Financial Position, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group and parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOTORSPORT UK ASSOCIATION LIMITED - continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with employment law, VAT and other tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as reporting requirements under FRS102 and the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting minutes of directors' meetings;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates. These included valuation of defined benefit pension scheme and insurance provision, deferred taxation and depreciation.

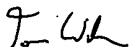
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MOTORSPORT UK ASSOCIATION LIMITED - continued**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the 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.



Thomas Wilson (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP (Statutory Auditor)
10 Queen Street Place
London
EC4R 1AG

Date: 21 June 2022

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Group Income	3		
Governance of motor sports		7,324,147	5,409,371
Event promotion and commercial activities		<u>2,007,978</u>	<u>1,638,009</u>
		<u>9,332,125</u>	<u>7,047,380</u>
Expenditure			
Staff costs	4	3,316,214	3,134,237
Other administration expenses		6,204,774	5,000,410
Exceptional costs	5	<u>240,709</u>	<u>548,384</u>
		<u>9,761,697</u>	<u>8,683,031</u>
Investment gains	12	956,679	30,917
Other income	6	25,396	168,499
Operating surplus		<u>552,503</u>	<u>(1,436,235)</u>
Profit on sale of freehold property		807,818	-
Interest receivable and similar income	7	146,116	166,553
Interest payable	8	<u>(117,753)</u>	<u>(29,647)</u>
Surplus on ordinary activities for the year before taxation		<u>1,388,684</u>	<u>(1,299,329)</u>
Tax (charge) / credit on the surplus for the year	10	<u>(39,494)</u>	<u>48,326</u>
Surplus on ordinary activities after taxation for the financial year		<u>1,349,190</u>	<u>(1,251,003)</u>

All above amounts are in respect of continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2021

	2021 £	2020 £
Surplus for the financial year	<u>1,349,190</u>	<u>(1,251,003)</u>
Actuarial gain on net pension costs	873,000	(1,095,000)
Movement on deferred tax relating to pension liability	(221,270)	164,395
Total comprehensive income for the financial year retained	<u>2,000,920</u>	<u>(2,181,608)</u>

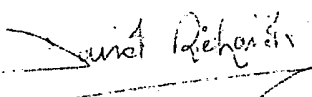
MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	11	5,046,263	5,803,822
Investments	12	9,746,370	8,938,488
		<u>14,792,633</u>	<u>14,742,310</u>
Current Assets			
Stocks		73,274	47,202
Debtors	13	868,462	743,590
Cash at bank and in hand		1,924,394	2,106,477
		<u>2,866,130</u>	<u>2,897,269</u>
Creditors: amounts falling due within one year	14	(3,893,893)	(4,760,462)
Insurance provision	15	(1,047,488)	(1,192,921)
Net Current Liabilities		<u>(2,075,251)</u>	<u>(3,056,114)</u>
Total Assets Less Current Liabilities		12,717,382	11,686,196
Creditors due in more than one year	16	(2,308,348)	(2,404,902)
		<u>10,409,034</u>	<u>9,281,294</u>
Net pension liability	18	-	(873,180)
Net Assets		<u>10,409,034</u>	<u>8,408,114</u>
Reserves			
Income and expenditure account		10,409,034	7,881,364
Property revaluation reserve	17	-	526,750
		<u>10,409,034</u>	<u>8,408,114</u>

The parent company surplus on ordinary activities after tax for the financial year amounted to £1,349,269 (2020 deficit: £1,250,959). The parent company total comprehensive income for the financial year, including the net gain/loss on revaluation of the pension scheme was £2,000,999 (2020 loss: £2,181,564).

The financial statements were approved and authorised for issue by the Board on 14 June 2022.

Signed on behalf of the Board of Directors



D P Richards CBE
Chair



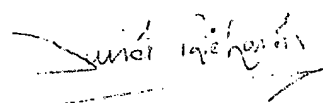
H B Chambers
Chief Executive

MOTORSPORT UK ASSOCIATION LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

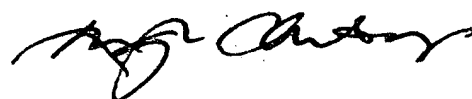
	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	11	5,046,263	5,803,822
Investments	12	<u>9,747,372</u>	<u>8,939,490</u>
		14,793,635	14,743,312
Current Assets			
Stocks		73,274	47,202
Debtors	13	868,462	743,592
Cash at bank and in hand		<u>1,923,564</u>	<u>2,106,278</u>
		2,865,300	2,897,072
Creditors: amounts falling due within one year	14	(3,899,433)	(4,766,714)
Insurance provision	15	<u>(1,047,488)</u>	<u>(1,192,921)</u>
Net Current Liabilities		(2,081,621)	(3,062,563)
Total Assets Less Current Liabilities		12,712,014	11,680,749
Creditors due in more than one year	16	<u>(2,308,348)</u>	<u>(2,404,902)</u>
		10,403,666	9,275,847
Net pension liability	18	-	(873,180)
Net Assets		10,403,666	8,402,667
Reserves			
Income and expenditure account		10,403,666	7,875,917
Property revaluation reserve	17	-	526,750
		<u>10,403,666</u>	<u>8,402,667</u>

The financial statements were approved and authorised for issue by the Board on 14 June 2022.

Signed on behalf of the Board of Directors



D P Richards CBE
Chair



H B Chambers
Chief Executive

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Surplus/(deficit) for the financial year	552,503	(1,436,235)
Adjustments for:		
Depreciation of tangible assets	313,717	175,757
(Profit)/loss on disposal of tangible assets	(582)	167,581
(Gain)/loss on sale of current asset investments	(317,701)	42,137
Fair value (gain)/loss on investments	(638,978)	(73,055)
(Increase)/decrease in stocks	(26,072)	
(Increase)/decrease in debtors	(53,813)	459,887
Increase/(decrease) in creditors	573,733	(578,079)
(Decrease) in insurance provision	(145,433)	(466,712)
Cash from operations	257,374	(1,708,719)
Taxes (paid)/repaid		(1,062)
Payment to pension scheme	(221,450)	-
Net cash generated from operating activities	35,924	(1,709,781)
Cash flows from investing activities		
Proceeds from sale of tangible assets	2,518,400	1,510
Proceeds from sale of investments	2,767,414	5,888,000
Purchase of tangible assets	(1,266,158)	(4,096,516)
Purchase of investments	(2,618,617)	(6,034,444)
Interest received	146,116	166,553
Net cash from investing activities	1,547,155	(4,074,897)
Cash flows from financing activities		
Net (repayment of)/proceeds received from commercial loans	(1,647,409)	4,372,842
Interest paid	(117,753)	(29,647)
Net cash from financing activities	(1,765,162)	4,343,195
Net decrease in cash and cash equivalents	(182,083)	(1,441,483)
Cash and cash equivalents at 1 January	2,106,477	3,547,960
Cash and cash equivalents at 31 December	1,924,394	2,106,477

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group

	<u>Revaluation Reserve</u>	<u>Reserves</u>	<u>Fines Account</u>	<u>Total Equity</u>
As at 1 January 2020	526,750	9,789,639	273,333	10,589,722
Comprehensive income for the year:				
(Deficit) / Surplus for the year	-	(1,274,698)	23,695	(1,251,003)
Actuarial loss on net pension costs	-	(1,095,000)	-	(1,095,000)
Tax in respect of items of other comprehensive income	-	164,395	-	164,395
As at 31 December 2020 and as at 1 January 2021	526,750	7,584,336	297,028	8,408,114
Comprehensive income for the year:				
Surplus for the year	-	1,324,523	24,667	1,349,190
Transfer on disposal of freehold property	(526,750)	526,750	-	-
Actuarial gain on net pension costs	-	873,000	-	873,000
Tax in respect of items of other comprehensive income	-	(221,270)	-	(221,270)
As at 31 December 2021	-	10,087,339	321,695	10,409,034

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Company Information

Motorsport UK Association Limited (the 'Company') trading as Motorsport UK is a company limited by guarantee, incorporated in England & Wales. Its registered office and principal place of business is at 141 The Command Works, Southern Avenue, Bicester Heritage, Bicester, OX27 8FY.

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. The 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 although some presentational changes have been made to the primary statements to provide additional information or improve the readability with a simplified format.

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 subsidiary, British Grand Prix Limited, (collectively the 'Group') and are drawn up to 31 December each year.

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.

c) Critical accounting judgements and estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The only key areas of estimation and judgment are the value of the insurance provision, the defined benefit pension scheme valuation and depreciation.

d) Going Concern

The Directors consider that there are no material uncertainties which would cast doubt on the Group's ability to continue as a going concern. In order to assess the potential impact on the business from the Covid-19 pandemic as well as broader economic and geopolitical conditions, management have conducted financial modelling covering a number of scenarios of varying severity. In each scenario, management have sufficient confidence that Motorsport UK would have sufficiently strong reserves (namely in the form of its investment portfolio) to continue to operate for at least 12 months following the date of approving these financial statements.

e) Income

The Group income consists of competitors & officials licence subscriptions, event permit fees, other regulatory fees, sundry sales, fines from the Motorsport UK 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.

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 receive the consideration due under the transaction.

f) Reserves

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

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies – continued

g) 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 and 10% & 33% per annum on cost
Computer Software	50% per annum on cost
Motor Vehicles	25% per annum on cost
Freehold Building	5% per annum on revaluation
Leasehold Building	2% per annum on cost

h) Freehold Property Revaluation

The freehold building was sold during the year having previously been revalued externally annually. On the disposal, the related balance remaining in the property revaluation reserve has been transferred to the general reserves.

i) 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.

j) Stocks

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

k) Debtors

Short term debtors are measured at transaction price less any trade discounts and provision for impairment.

l) Creditors

Short term trade creditors are measured at transaction price less any trade discounts.

m) Insurance provision

Provisions for insurance claims are recognised as liabilities when there is an obligation at the year-end as a result of a past event, it is probable that there will be a transfer of economic benefits in settlement and the amount of the obligation can be estimated reliably.

The outstanding claims provision is based on the estimated cost of all obligations incurred, with claims incurred or expected but not yet settled at the balance sheet date. Delays can be experienced in the notification and settlement of most public liability claims. The ultimate cost of these claims cannot be known with certainty at the reporting date. The liability is calculated using the best estimates by the external loss adjusters and the safety manager. This is based on past data and current assumptions. The liability is not discounted for the time value of money on the grounds of materiality. The liabilities are derecognised when the obligation to pay a claim expires or is discharged or is cancelled.

n) 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.

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting Policies – continued

o) Pension Scheme

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.

From 1 January 2005 the Group has adopted the full requirements of FRS 102. In accordance with FRS 102, 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.

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. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

p) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Investment in unit trusts, which do not have a readily available market value are held at the lower of cost or current net realisable value.

Listed investments – these are stated on the basis of mid-market prices.

q) 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 receivable and payable.

3. Group Income

	2021 £	2020 £
Analysis by geographical market:		
United Kingdom	8,759,133	6,750,449
Europe	245,286	191,911
Rest of World	<u>327,706</u>	<u>105,020</u>
	<u>9,332,125</u>	<u>7,047,380</u>
	2021 £	2020 £
Analysis by principal activity:		
Governance of motor sports	7,324,147	5,409,371
Event promotion and commercial activities	<u>2,007,978</u>	<u>1,638,009</u>
	<u>9,332,125</u>	<u>7,047,380</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 championships, events and motor sports consultancy services.

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Information Regarding Directors & Employees

Directors' Emoluments

There were 11 (2020: 12) Directors who served the Group during the year of which 1 (2020: 1) was an executive Director. The non-executive Directors did not receive director's emoluments (2020: £Nil).

	2021			2020		
	Male	Female	Total	Male	Female	Total
Directors	9	2	11	10	2	12

The highest paid Director received emoluments of £261,792 (2020: £246,148) plus £3,000 (2020: £16,416) was paid in respect of pension contributions.

Pension contributions made under the defined contribution scheme:

No. of directors in the scheme

Contribution for the year

2021	2020
1	1
<u>£3,000</u>	<u>£16,416</u>

Key Management Personnel

The Senior Management Team which consists of, the sole executive director, Mr Chambers together with the organisation's functional leaders, as set-out in the Strategic Report, are considered to be key management personnel.

Total emoluments including pension contributions paid to the employees who served as members of the Senior Management Team during the year totalled £1,064,205 (2020: £930,367).

Emoluments include salary, car allowance, benefits in kind and employer's national insurance.

Employees

The average number of paid employees during the year was:

	2021			2020		
	Male	Female	TOTAL	Male	Female	TOTAL
Senior Management Team	5	2	7	6	2	8
Managers, Administration & Processing	27	25	52	28	21	49
Total (Average number of Employees)	32	27	59	34	23	57

Employee Costs During the Year (including Directors)

	2021	2020
	£	£
Salaries	2,644,514	2,491,843
Social security costs	264,202	261,579
Net Pension cost	407,498	380,815
	<u>3,316,214</u>	<u>3,134,237</u>

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Exceptional Costs

The Group incurred exceptional costs of £240,709 (2020: £548,384) during the year. Having set-out its intention to relocate the organisation from its previous location near Heathrow to the heartland of 'motorsport valley' the Group duly acquired a new head office premises in Bicester. As a result, the Group incurred costs totalling £240,709 (2020: £191,982) relating to staff restructuring and relocation expenses in the year. In the prior year, the Group also had to dispose of fixed assets, which could not be relocated or were replaced as part of the relocation and resulted in a loss on disposal of £168,289.

In 2020, as part of the organisation's response to the Covid-19 pandemic, the organisation committed to providing financial support to its member clubs in the form of the Club Continuity Grant Fund. Payments totalling £188,114 were paid out during 2020, no further payments of this nature were made in 2021.

6. Other Income

This represents Government Grant income received under the Coronavirus Job Retention Scheme which totalled £25,396 for the year (2020: £168,499)

7. Interest Receivable & Other Income

	2021	2020
	£	£
Bank Interest	11	2,432
Dividends and Interest from Investments	146,104	163,951
Other Interest	1	170
	<u>146,116</u>	<u>166,553</u>

8. Interest Payable

	2021	2020
	£	£
Commercial loan interest	117,753	29,647
	<u>117,753</u>	<u>29,647</u>

9. Auditors Remuneration

	2021	2020
	£	£
Auditors' remuneration - audit services	29,200	37,600
Auditors' remuneration - taxation & other services	16,580	20,545
	<u>45,780</u>	<u>58,145</u>

10. Tax Charge/(Credit) on the Surplus/(Deficit) for the Year

	2021	2020
	£	£
The tax charge/(charge) is based on the profit/(loss) for the year and represents:		
UK corporation tax	-	-
Prior year's under/(over) provision	<u>(71,059)</u>	-
Total current tax (credit) / charge	(71,059)	-
Deferred taxation	290,608	(220,853)
Deferred taxation not recognised	(180,055)	180,055
Adjustments in respect of prior periods	-	<u>(7,528)</u>
Tax charge / (credit) on results on ordinary activities	<u>39,494</u>	<u>(48,326)</u>

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Tax Charge/(Credit) on the Surplus/(Deficit) for the Year (continued)

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%). The differences are explained as follows:

	2021 £	2020 £
Profit/(Loss) on ordinary activities before tax	<u>1,388,763</u>	<u>(1,299,329)</u>
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	263,865	(246,873)
Fixed Asset timing differences	(145,201)	5,492
Expenses not deductible for tax purposes	190	30,287
Income not taxable	(190,556)	(20,406)
Capital gains/(losses)	310,658	20,406
Deferred tax adjustments	26,533	(2,728)
Exempt distributions	(14,345)	(14,853)
Deferred taxation not recognised	(180,055)	180,055
Other timing differences	39,463	7,092
Prior year - Research & Development credit	(71,059)	-
Prior year's (over)/under provision	1	(6,892)
Current tax (credit)/charge for the year	<u>39,494</u>	<u>(48,326)</u>

The UK government has enacted an increase in the main corporation tax rate of 6% to 25%, effective from 1 April 2023. As this was substantively enacted at the year-end date, deferred tax has been recognised at 25% (2021: 19%)

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a charge of £152,875 (2020: £164,395 credit).

11. Tangible Fixed Assets

Group & Company	Office Fixtures Fittings and Equipment	Computer Software	Motor Vehicles	Land and Buildings	Total
Cost/Valuation	£	£	£	£	£
At 1 January 2021	959,214	57,425	6,000	4,855,962	5,878,601
Additions	905,631	112,200	242,284	6,043	1,266,158
Disposals	-	-	-	(1,710,000)	(1,710,000)
At 31 December 2021	<u>1,864,845</u>	<u>169,625</u>	<u>248,284</u>	<u>3,152,005</u>	<u>5,434,759</u>
Accumulated Depreciation					
At 1 January 2021	29,137	14,487	2,250	28,905	74,779
Provision for year	217,196	42,088	5,048	49,385	313,717
Disposals	-	-	-	-	-
At 31 December 2021	<u>246,333</u>	<u>56,575</u>	<u>7,298</u>	<u>78,290</u>	<u>388,496</u>
Net Book Value					
At 31 December 2021	<u>1,618,512</u>	<u>113,050</u>	<u>240,986</u>	<u>3,073,715</u>	<u>5,046,263</u>
At 31 December 2020	<u>930,077</u>	<u>42,938</u>	<u>3,750</u>	<u>4,827,057</u>	<u>5,803,822</u>

At 1 January 2021 freehold property known as Motorsport UK House was included within Land and Buildings. This property was last revalued at 31 December 2019 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 marketplace in the sum of £1,710,000. The building was sold on 8 April 2021.

The leasehold property known as 141 The Command Works is included within Land and Buildings above. In order to facilitate the fit-out of this new office headquarters in Bicester, the group entered into asset financing arrangements specifically to purchase furniture, IT and AV equipment. As a condition of the funding, the lenders retain title of these assets.

MOTORSPORT UK ASSOCIATION LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	£	£	£	£
12. Investments				
Interest in subsidiaries			1,002	1,002
Other fixed asset investments	9,746,370	8,938,488	9,746,370	8,938,488
	<u>9,746,370</u>	<u>8,938,488</u>	<u>9,747,372</u>	<u>8,939,490</u>

Other Fixed Asset Investments

Group & Company

	£
Opening balance as at 1 January 2021	8,938,488
Purchase of investments	2,618,617
Proceeds from sale of investments	(2,767,414)
Realised gain on sale of investments	317,701
Change in market value of investments	638,978
Closing balance as at 31 December 2021	<u>9,746,370</u>

In order to facilitate the acquisition of the new office headquarters in Bicester, a loan facility was entered into with Julius Baer during 2020. As a condition to secure the funding, Julius Baer have a legal charge against the investment portfolio they manage.

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	£	£	£	£
13. Debtors				
Trade debtors	329,232	451,811	329,232	451,811
Other debtors	289	41,655	289	41,657
Corporation tax receivable	73,021	1,962	73,021	1,962
Prepayments and accrued income	465,920	248,162	465,920	248,162
	<u>868,462</u>	<u>743,590</u>	<u>868,462</u>	<u>743,592</u>

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	£	£	£	£
14. Creditors: Amounts Falling Due Within One Year				
Trade creditors	1,063,168	1,530,249	1,063,168	1,530,249
Other creditors	119,562	226,118	119,562	226,118
Loans due within 1 year (note 16)	527,638	1,967,940	527,638	1,967,940
Other taxes and social security	75,059	138,696	75,059	138,696
Accruals and deferred income	2,108,466	897,459	2,114,006	903,711
	<u>3,893,893</u>	<u>4,760,462</u>	<u>3,899,433</u>	<u>4,766,714</u>

15. Insurance Provision: Amounts Falling Due Within One Year

Group & Company

	£
Opening balance as at 1 January 2021	1,192,921
Movement in the year	(145,433)
Closing provision as at 31 December 2021	<u>1,047,488</u>

Motorsport UK 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 Motorsport UK permits or where an exemption for permit has been granted. Motorsport UK provides insurance to the clubs as part of the permit fee and bears any uninsured excess in respect of all future claims.

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FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Group & Company</u>	
16. Creditors: Amounts Due in More Than One Year	2021	2020
	£	£
Deferred tax	110,553	-
Commercial loans	<u>2,197,795</u>	<u>2,404,902</u>
	<u>2,308,348</u>	<u>2,404,902</u>

	<u>Group & Company</u>	
Deferred taxation liability / (asset not recognised) in the accounts is as follows:	2021	2020
	£	£
Fixed asset timing differences	160,834	(7,591)
Short term timing differences	(1,606)	(16,265)
Deferred tax on property	356,664	117,260
Deferred tax on fair value movement on investments	325,640	96,314
Losses and other deductions	<u>(730,979)</u>	<u>(369,773)</u>
Deferred tax liability provided / (asset not recognised)	<u>110,553</u>	<u>(180,055)</u>

	<u>Group & Company</u>	
Commercial loans are repayable as follows:	2021	2020
	£	£
Within one year (note 14)	527,638	1,967,940
Between one to two years	552,780	402,628
Between two to five years	1,005,057	1,202,274
More than five years	<u>639,958</u>	<u>800,000</u>
	<u>2,725,433</u>	<u>4,372,842</u>

Commercial loans consist of:

A £1.4m loan, originally £3.3m from Julius Baer drawn during 2020 to facilitate the acquisition of the new office headquarters in Bicester. This facility has no fixed repayment terms however, £1,900,000 was repaid during the year following the sale of the former head office. The expectation is that the remainder of the loan will be repaid within 10 years. As a condition to secure the funding, Julius Baer have a legal charge against the investment portfolio they manage, disclosed in Note 12.

A £1.0m loan, to support the fit-out of the new office headquarters in Bicester. The facility is repayable in 36 monthly instalments. The facility has no fixed charge over the assets of the Group and is supported by the Coronavirus Business Interruption Loan Scheme "CBILS". Following careful consideration, the Directors decided not to receive any additional Business Interruption Payment, additional support which was available under the CBILS scheme to cover the first 12 months of interest.

A further £340k of asset financing was utilised to purchase furniture, IT and AV equipment for the new head office in Bicester, repayable over 36 months, during which time the lenders retain title of these specific assets, disclosed in Note 11.

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Property Revaluation Reserve

Group & Company

At 1 January 2021	£
Released on disposal of property	526,750
At 31 December 2021	<u>(526,750)</u>

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 represented accumulated comprehensive income for the year and prior periods.

Following the sale of its interest in its former head office property known as Motorsport House, Colnbrook on 8 April 2021, the company released the revaluation reserve as part of the profit on disposal. The revaluation amount is shown as a transfer between reserves.

18. 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. The scheme was closed to future accrual with effect from 31 December 2018. A full actuarial valuation was last carried out by a qualified actuary on 31 December 2018 under the continuing valuation basis and, in accordance with the recovery plan agreed following the actuarial valuation, the employer has agreed to pay £215,000 per annum, annually in advance, increasing at 3% each year from 1 January 2020, with the first payment made on 31 January 2020 and the last payment by 31 January 2024. The total employer contributions paid to the Scheme during the financial year was £221,450 (2020: £215,000).

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 2018 was updated to 31 December 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary were:-

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Pension and Related Staff Benefits – continued

	2021	2020	2019	2018	2017
	%pa	%pa	%pa	%pa	%pa
Salaries growth	3.05	2.85	2.70	2.95	2.90
Discount rate	1.80	1.45	2.10	2.85	2.50
Allowance for pension in payment increases of RPI or 5%pa, if less	3.20	3.05	3.05	3.25	3.25
Allowance for revaluation of deferred pensions of RPI or 5%pa, if less	n/a	n/a	n/a	n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 5%pa, if less	2.55	2.35	2.20	2.45	2.40
Inflation (RPI)	3.35	3.15	3.20	3.45	3.40
Allowance for commutation of pension for cash at retirement	None	None	None	None	None

The mortality assumptions adopted at 31 December 2021 imply the following life expectancies at age 65:-

Male retiring in 2021	21.8 years	Female retiring in 2021	23.7 years
Male retiring in 2041	23.1 years	Female retiring in 2041	25.3 years

The Company paid a contribution of £228,094 on 31 January 2022 (£221,450 on 31 January 2021) in accordance with the recovery plan.

Fair Value of Assets, Present Value of Defined Benefit Obligation and surplus/(liability) at 31 December were:

	Value at 2021 £	Value at 2020 £	Value at 2019 £
Equities	4,323,000	4,364,000	4,207,000
Gilts	-	-	2,068,000
Debt Instruments	1,649,000	1,653,000	-
Other	3,945,000	3,698,000	2,752,000
Net cash	41,000	153,000	5,000
Fair value of plan assets	9,958,000	9,868,000	9,032,000
Present value of defined benefit obligation	(9,382,000)	(10,946,000)	(9,228,000)
Unrecognised surplus / (deficit) in the plan	576,000	(1,078,000)	(196,000)
Effect of asset ceiling	(576,000)	-	-
Related deferred tax on deficit in the plan	-	204,820	33,320
Net pension asset / (liability)	(-)	(873,180)	(162,680)

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.

As the plan was closed to future accrual with effect from 31 December 2018, no defined benefit cost (2020: £nil) has been recognised in the Income Statement.

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

18. Pension and Related Staff Benefits – continued

Defined benefit costs recognised in Other Comprehensive Income:	2021	2020
	£	£
Return on plan assets	880,000	500,000
Experience gains / (losses) arising on the plan liabilities	83,000	26,000
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	<u>486,000</u>	<u>(1,621,000)</u>
	<u>1,449,000</u>	<u>(1,095,000)</u>
Effects of changes in the amount of surplus that is not recoverable	<u>(576,000)</u>	<u>-</u>
Total amount recognised in comprehensive income – gain/(loss)	<u><u>873,000</u></u>	<u><u>(1,095,000)</u></u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	£	£
Scheme benefit obligation at the start of the period	10,946,000	9,228,000
Current service cost	-	-
Interest cost	150,000	193,000
Curtailments and Settlements	-	-
Benefits paid and death in service insurance premiums	<u>(1,147,000)</u>	<u>(70,000)</u>
Past service costs	-	-
Actuarial (gains) / losses	<u>(567,000)</u>	<u>1,595,000</u>
Defined benefit obligation at the end of the period	<u><u>9,382,000</u></u>	<u><u>10,946,000</u></u>

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

	2021	2020
	£	£
Fair value of scheme assets at start of period	9,868,000	9,032,000
Interest income	136,000	191,000
Actuarial gains	880,000	500,000
Contributions by employer	221,000	215,000
Benefits paid and expenses	<u>(1,147,000)</u>	<u>(70,000)</u>
Fair value of plan assets at the end of period	<u><u>9,958,000</u></u>	<u><u>9,868,000</u></u>

The actual return on the scheme assets over the year ended 31 December 2021 was £1,016,000 (2020: £691,000).

A historical five-year summary

	2021	2020	2019	2018	2017
	£	£	£	£	£
Fair value of plan assets	9,958,000	9,868,000	9,032,000	7,936,000	8,228,000
Defined benefit obligation	<u>(9,382,000)</u>	10,946,000	9,228,000	7,753,000	8,020,000
Surplus/(Deficit) in the plan	<u>576,000</u>	(1,078,000)	(196,000)	183,000	208,000

The Motor Sports Association Group Stakeholder Personal Pension Plan

Employees are entitled to join The Motor Sports Association Pension Scheme run by Scottish Widows Ltd. This is a salary sacrifice funded defined contribution pension scheme. A contribution of 10% - 20% of basic salary is made. The contribution payable this year was £372,577 (2020: £362,916). The Group accruals include pension contributions due but not yet paid of £29,890 (2020: £39,638)

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19. Additional information on subsidiary and associated undertakings

All companies are incorporated in England & Wales with the exception of MSA Scotland Ltd, which is incorporated in Scotland. The principal subsidiaries and associated undertakings and their principal activities at 31 December 2021 are set out below:-

		Class of Shares	Portion of shares held
Trading	Limited company with share capital		
British Grand Prix Limited	Organisation of motor sport events	Ordinary £1	100%
Dormant			
MSA Scotland Limited	Organisation and promotion of motor sport	Ordinary £1	100%

All companies are consolidated in the financial statements.

20. Related Party Transactions

Motorsport UK is ultimately controlled by the members shown on page 10.

As a membership organisation, Motorsport UK 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. Motorsport UK directors and senior staff do not have overall control or significant influence over the entities with which the Company transacts.

Messrs Chambers and Moffitt served as trustees of British Motor Sports Training Trust 'BMSTT', a registered charity during the period. 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. During the period Motorsport UK received funding from BMSTT for the delivery of certain specific safety and training projects. These projects and the subsequent funding were fully reviewed and approved by the Trustees. Motorsport UK also provided accommodation, administration & secretarial support together with investment monitoring and accounting support required for day-to-day operation of the Trustee free of charge.

Motorsport UK has previously considered the Royal Automobile Club Limited (the 'Club') to be a related party as a result of having two common directors however, following the resignations of Messrs Cussons and Read, from their roles as Directors of Motorsport UK in the prior year, the Club is not treated as a related party in the current year. Motorsport UK has previously purchased conference facilities, accommodation and meeting rooms at market value from the Royal Automobile Club Limited (the 'Club'), a company limited by guarantee. The Club is not under the control of any individual or group of individuals but is managed by an elected Board of Members.

21. Capital Commitments

At the year-end date, the group was in the process of purchasing new vehicles to support 2022 events which included a new race centre trailer. As a result, the group had Capital Commitments of £262,940 at the year end. In the prior year, the group had capital commitments of £394,170 relating to the fit-out of the new head office building in Bicester.