

**MOTORSPORT UK ASSOCIATION LIMITED
(FORMERLY THE ROYAL AUTOMOBILE CLUB MOTOR SPORTS ASSOCIATION LIMITED)**

2020 Report and Financial Statements

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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 focussed 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 has established 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.

Following the changes in key personnel in the prior year, the organisation established a core Senior Management Team "the SMT" in 2020. Led by the Chief Executive Officer and supported by the function heads, the SMT is responsible for planning, directing and controlling the activities of the organisation and regularly attending Board Meetings. The employees who were considered to be the SMT during 2020 were as follows:

Chief Executive Officer – H B Chambers

Commercial Director – C Clark

General Secretary – J Cohen (resigned 31 July 2021)

Director of Learning & Development – S Sanders (appointed 1 April 2020)

Director of Marketing & Communications – T Novak (appointed 26 May 2020)

Operations Director – C Walkingshaw (appointed 20 January 2020)

Sporting, Technical & Safety Director – J Ryan

Finance Director – C Murray (appointed 29 March 2021)

Following the resignation of the long standing Finance Director in 2020, the role of Finance Director was covered by interim resource during 2020, until the appointment of Mr Murray in March 2021.

Each member of the SMT presents their review of the year to 31 December 2020 on the following pages.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

CHIEF EXECUTIVE OFFICER'S REVIEW

We entered 2020 with high anticipation, looking to build on the significant organisational changes implemented in the previous year. 2020 would see the organisation deliver the next phase of its transition with the relocation from its previous head office base near Heathrow of 30 years, to the heartland of 'motorsport valley' in Bicester, Oxfordshire. The relocation was originally planned for the summer of 2020 however, the Covid-19 pandemic caused this to be paused and was completed in Q1 2021.

The year was dominated by Covid-19, as the pandemic developed rapidly in 2020, Motorsport UK put measures in place immediately to contain the effect of the virus on the business. This took place via a number of different initiatives:

- Motorsport UK suspended all motorsport activities from March 17 through to July 3.
- 30% of the workforce were placed on furlough effective April 6. As a consequence, all affected employees received 80% of normal basic pay. The business took advantage of the Coronavirus Job Retention Scheme which enabled it to claim a subsidy of up to £2,500 a month for each furloughed employee.
- All remaining employees had their working week reduced by 10% to 4.5 days a week and received 90% of normal basic pay.
- Halting of all non-essential expenditure and all hiring.

2020 would also be the first year following the wholesale changes made to the economic model to motorsport in the UK, changing both the architecture and pricing of licences and permits. However, the arrival of the Covid-19 pandemic caused the entire sport to be suspended at the end of Q1 2020 with the cessation of licence and permit income with revenue for Q2 2020 92% lower than the equivalent period in 2019. Prior to that, despite the uplift in fees, the renewal of licences for 2020 tracked broadly at the same volume as the previous year which meant that revenue for Q1 2020 was actually 5% higher than the equivalent period in 2019.

Motorsport UK has a strong balance sheet, due primarily to the external investments held by the business and that the business owns the building it occupies. Whilst the value of the investments was impacted in the early stages of the Covid-19 pandemic, the funds have since recovered well. Due to initiatives taken by the business to manage its cost base, it has not been necessary to drawdown any investment funds for working capital.

In April, Motorsport UK announced a funding package, the Club Continuity Fund up to a value of £1m, to help support its 720 member clubs who are responsible for organising and promoting motorsport at all levels in the UK. The aim was to mitigate immediate financial risk from the pandemic for the clubs and help to aid their recovery towards a strong and sustainable future.

On July 4 2020, Motorsport UK announced that motorsport activity could resume in a phased approach where only a limited number of events were to be held in July to ensure the resumption was handled in a safe manner. As a sign of Motorsport UK's commitment to the safety of the racing community, £50,000 of personal protective equipment (PPE) was provided free of charge to clubs and rescue and recovery units that were involved with hosting events in July and August.

Once the restrictions allowed the resumption of motorsport activity, there was strong demand from the community to go racing and revenue performance for Q3 2020 was in line with plan until the introduction of further periods of lockdown and tiered restrictions in Q4 2020. Motorsport UK continued to follow the various government policies and advice and, in parallel, did its utmost to continue its operations in the best and safest way possible without jeopardising the health of everyone involved.

It was intended to introduce formal Key Performance Indicators 'KPIs' to enhance monitoring of performance at all levels however, the response to the pandemic took precedent and therefore, development and use of KPI's remains a priority.

Overall however, the national motorsport environment remains firm and safe with Motorsport UK committed to providing the appropriate platform.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

COMMERCIAL DIRECTOR'S REVIEW

Through 2019, Motorsport UK listened carefully to our members at clubs and events across the country and it was evident that the community shares concerns about the long-term future of our sport. Having stemmed the decline in competition licence holder numbers in 2019, Motorsport UK evolved its economic model for 2020 to better support investment priorities across the sport. These changes will take time to develop but are designed to make the sport more accessible and unlock hidden value, as well as making the system fairer and more sustainable. New revenues will come from a mixture of sources including more diverse membership groups such as Trackside, a membership for fans and enthusiasts, development of a Membership Benefits programme, International Event Consulting and sponsorship.

For the majority, the cost of a licence increased and for some it reduced; for many we removed associated costs, such as medical fees, but for all it will produce a model that can help protect the future of our sport.

The new economic model brings with it a clear investment strategy in which Motorsport UK will focus on four pillars of investment;

1. Member and Club Development
2. Sport Promotion
3. Education and Training
4. Sport Development and Innovation

Each of these pillars has its own tactical objectives.

1. Member and Club Development

Ensuring that we attract new participants, helping clubs grow their membership and have the systems to deliver an enhanced member experience:

- Marketing resources and promotional workshops for clubs
- All-new Club Development grant fund with an increase in the value of awards
- Offsetting costs for competitors through real-value Membership Benefits
- Re-platforming legacy IT and CRM systems to create a modern end-to-end digital licence and member experience

2. Sport Promotion

Participation by inspiration - motorsport is simply not visible enough beyond a few flagship events:

- Position motorsports to younger audiences as an accessible sport, full of technology and excitement
- Elevate and amplify the profile, affordability and accessibility of grassroots club motorsport, showcasing the value they deliver to local communities
- Programme of taster days for the public to try grassroots motorsport
- Public Affairs campaign to ensure Motorsport UK has a voice across government and its agencies
- Stronger prospecting presence including wider use of our Member Engagement Unit at local and regional events

3. Education and Training

Ensuring our competitors, officials and marshals are world-leading in their expertise:

- A five-year commitment to train 2,000 more volunteer marshals and 1,000 more officials to facilitate safe, fair and fun motorsport
- Development of The Learning Hub to become the central learning resource centre for all Motorsport UK members (competitors, marshals, officials and clubs)

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

- The Learning Hub will have dedicated courses and curriculum content and an improved qualification system
- Establishing formal links with further education to create endorsement packages for courses and degrees, developing motorsport specific programmes and modules

4. Sport Development and Innovation

Invest in progressive formats, events and technologies to remain contemporary and relevant and make it easier for people to participate:

- Creation of all-new pathways into the sport from complementary communities such as Commercial karting, Trackdays, eSports and others
- Embracing categories historically operating outside of Motorsport UK regulated events
- Investing in forward-thinking technology such as electric karting, and multi-discipline vehicle formats
- Creation of community wide digital membership platform for members and clubs to engage current and prospective audiences

The creation of the free RS Clubman licence was an especially important development in 2020. This was specifically targeted at competitors who previously competed in grassroots motorsport, often in standard road cars, on a club membership card, without any affiliation with the national governing body. All these competitors participated at Motorsport UK permitted events and were covered by Motorsport UK public liability and personal accident insurance, yet few had any direct relationship with the sport's governing body. Mandating this RS Clubman licence to compete resulted in 15,000+ new members joining the governing body in 2020 in order to compete in grass roots motorsport.

For 2020 Motorsport UK also made a number of licence improvements.

1. The competition licence structure was simplified with three new groups; Race, Kart and RS (Rally Speed). The latter includes all grassroots categories.
2. New 2020 licence grades a. Clubman b. Inter Club c. National d. International.
3. Free RS Clubman licence for grassroots motorsports, with access to enhanced personal accident insurance.
4. Eliminating licence charges for all Officials, recognising their contribution as volunteers to Safe, Fair and Fun motorsport.
5. No medical for a large percentage of licence applicants. A medical will only be required from 60 years, when applying for Race/Kart Race licences, saving an estimated c.£100 per annum per applicant.
6. Mandatory medicals will now be replaced by an eye test for Race/ Kart Race first-time applicants and competitors aged 45-59 years. Motorsport UK has agreed provision of free eye tests for ALL competitors.
7. Starter Packs will now solely reflect the cost of a competitor's first licence fee and will include free priority service (worth £65).
8. Increased Public Liability insurance cover for all Motorsport UK permitted events to £100 million, providing improved cover for our competitors, marshals and officials.
9. Threefold increase in personal accident insurance cover, separately worth c.£500+ per annum, included as standard with a Motorsport UK licence.
10. Personal Accident Insurance will be provided on up to five Trackdays per annum to Motorsport UK licence holders (excluding RS Clubman free grade).
11. Enhanced member benefits programme that gives money off a range of goods and services that will offset and effectively neutralise the cost of every Motorsport UK licence if utilised.
12. Reduced and fairer licence non-production fee of 50% of licence cost, capped at £100, directly benefitting >99% of all licence holders.
13. Merged licence grades to simplify licence structure:
 - a. Kart Novice and Kart National B now become Kart Inter Club.
 - b. Speed A and Speed A Open are now merged into the Speed National licence.
14. Simplified, more flexible upgrade criteria from Inter Club to National licences via six signatures.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT – CONTINUED

Notwithstanding the significant changes across the licence structure introduced for the 2020 season, the cadence of competition licence renewals, when launched, reflected those of previous seasons as competitors were thoroughly explained the reasoning and rationale for the changes in order to sustain the sport for the future.

However, as the extent the pandemic became increasingly apparent and with the suspension of motorsport from March 2020, licence renewals effectively stopped, pending restrictions being lifted and events again commencing. This did not happen until 4 July 2020, which together with restrictions and guidance from devolved government moving at different speeds compromised many British and other championships.

While Race and Kart competitors were able to compete again with less compromised seasons, albeit with a later start and many extending into the traditional winter closedown period, many events in the RS category of permit were severely compromised and not able to be reinstated on the 2020 calendar.

The net result of this was that competition licence sales, Motorsport UK's core revenue source, were reduced by 22% from 2019. With an unknown long tail resultant of the pandemic and its economic fallout, it is expected that it could potentially take a number of years for licence numbers to recover to 2019 levels.

Sales of Trackside membership, specifically targeted at fans and enthusiasts with the promise to get them closer to the sport with behind-the-scenes access and exclusive event access stalled, due to the inability to access events. This membership is being relaunched for 2021 with a refined proposition.

Another primary source of income for Motorsport UK is revenue derived from permitting motorsport events. With the wholesale suspension of motorsport for more than 100 days and further restrictions in different geographies and limits on sharing of competitive cars, the number of events permitted in 2020 was reduced by nearly 60% year on year. This was accompanied by a 57% reduction year on year on event entries by competitors, which likewise reduced collections of insurance contributions towards Motorsport UK's master public liability policy. Fortunately, through working with the company's insurance broker, Bluefin Sport, and insurer, Allianz, the policy cost was negotiated down on a pro rata basis against events that were able to run. This understanding and collaborative approach from our partners significantly reduced the organisation's liability to what could have been material exposure in the year's accounts.

Many British championships were severely compromised or cancelled reducing income from championship licencing. Motorsport UK organises a number of championships and events in-house and was disappointed that after a successful start to the British Rally Championship series, the remaining rounds of the series were cancelled, and the championship was ultimately abandoned. In contrast, after a delayed start to events, the British Kart Championship was able to commence in August and concluded in December after a successful 10 round series and 490 registered competitors.

Motorsport UK is the organiser of the UK's round of FIA World Championship events. As organiser of Wales Rally GB, the UK round of the World Rally Championship, it became evident by June 2020 that the event was not going to be able to run successfully, given local restrictions and ultimately a local lockdown at the time of the event's scheduled date in late October. The Welsh Government were entirely supportive of the decision and some sunk costs attributable to the event were recovered in addition to event team staff being placed on furlough to minimise cost exposure.

The UK round of the FIA Formula 1 World Championship, the British Grand Prix was able to run, albeit postponed until August. This together with a back-to-back second Formula 1 race at Silverstone, the 70th Anniversary Grand Prix, were both successfully organised by Motorsport UK against a considerable logistical effort to maintain bio-bubbles of different groups of volunteer marshals and officials. The success of these events is a considerable tribute to the organising team, Silverstone Circuits, the FIA and Formula 1 and UK public sector organisations, all working in close co-operation.

Motorsport UK also provides event consultancy and know-how of its international event organising capability to overseas events as part of the FIA Taskforce. With the postponement of Safari Rally Kenya additional contracted income was lost for 2020, albeit deferred to the 2021 running of the event.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

FINANCE DIRECTOR'S REVIEW

2020 represented a year of transition for the Finance team. Following the departure of the long standing Finance Director in March 2020, the team was led by interim resource throughout the year until the appointment of a new, permanent Finance Director in March 2021.

Operating result before exceptional costs

The Covid-19 pandemic had a material impact on revenue, down £1,515,245 (18%) from £8,562,625 in 2019 to £7,047,380 in 2020.

Events revenue was down £2,009,912, predominantly attributable the cancellation of Wales Rally GB but this was offset by an increase of £494,667 in revenue from governance activities, which was largely due to an increase in Licence income.

The number of competition licences in 2020 totalled 24,441, down 21% on the 31,107 licences in 2019 however, as result of the changes to the economic model, revenue from competition licences increased by 11% to £3,040,776 (2019: £2,730,000).

For the year to 31 December 2020, the Group reported an operating deficit of £1,436,235 however, before exceptional costs of £548,384 the deficit amounted to £887,851 (2019: £1,270,408 deficit). In the prior year, the deficit was driven primarily by net losses on Events, notably British Kart Championship and Wales Rally GB, the UK round of the World Rally Championship, as well as costs of aborted IT development projects.

In 2020, the financial contribution from Events improved significantly despite the impact of the pandemic. Gross contribution from Events, before applying any overheads, in 2020 was £547,000 (2019: £117,000) with notable improvements from running the British Kart Championship for a second year. As a consequence of the cancellation of Wales Rally GB, the Group did not incur the costs traditionally associated with this event.

Exceptional Costs

The Group incurred exceptional costs of £548,384 (2019: £nil) during the year as a result of two major, one-off events.

Firstly, having set-out its intention to relocate the organisation from its previous location near Heathrow to the heartland of 'motorsport valley' in the prior year, the Group duly acquired a new head office premises in Bicester. As a result, the Group incurred costs totalling £191,982 relating to staff restructuring and relocation expenses in the year. In addition to this, the Group had to dispose of fixed assets, which could not be relocated, were obsolete or were replaced as part of the relocation. This resulted in a loss on disposal of £168,289.

Secondly, 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 the year.

Relocation to Bicester

During the year the Group acquired a new head office building in Bicester and the Group took out a £3.3m loan facility with Julius Baer to finance this. The facility has no fixed repayment terms, competitive interest rates and is secured against the investment portfolio. Following the sale of the Group's freehold interest in the previous head office building in Colnbrook, which completed in April 2021, the Group repaid £1.9m of the facility. The Directors' intention is that the remaining £1.4m will be repaid within 10 years.

In addition to acquiring the long leasehold on the Bicester building, the Group also took out a commercial loan facility of £1.0m to facilitate the fit-out of the new building. The loan is supported by the Coronavirus Business Interruption Loan Scheme (CBILS) and is repayable in monthly instalments over 36 months. Following careful consideration, the Directors' decided not to utilise the additional Business Support Payment, designed to cover the first 12 months of interest on CBILS loans.

**MOTORSPORT UK ASSOCIATION LIMITED
GROUP STRATEGIC REPORT - 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.

Following the last full actuarial valuation on 31 December 2018, the Group agreed to make annual payments to the pension scheme as part of a deficit reduction plan. The first payment of £215,000 was made in January 2020 and the next payment of £221,000 was paid in January 2021.

The annual update prepared for 31 December 2020 reported a significant increase in the deficit of the scheme, despite the deficit reduction payment made in the year. Whilst the liabilities have increased substantially as a result of the actuarial updates, growth in the scheme assets, impacted by the Covid-19 pandemic, has not kept pace with the liabilities leading to the increase in deficit. The updated valuation shows a liability of £1,078,000 (2019: £196,000). Management will work with the trustees and pension advisors to look at options to proactively manage the scheme assets and liabilities.

Investments

Motorsport UK has 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 investment income received is reinvested. In the short term this will primarily be used to fund the pension deficit reduction payments.

Motorsport UK has a nominated Investment Committee who are responsible for reviewing the performance of the investment manager. During the year, a strategic decision was taken to diversify the investments, moving the allocation of the ratio of UK Equities to a larger share of Global Equities to reduce risk and increase potential for future growth.

Both Investment funds were severely impacted initially by the pandemic, however, both had recovered before the end of the year. During the year the market value increased by £73,000 (2019: £212,000) and there was a loss on sale of investments of £42k (2019: £667,000 surplus). Dividends and Interest received from investments was £164,000 (2019: £216,000).

Investment Portfolios as at 31 December 2020:

Julius Baer		<u>Market Value</u>	<u>Fund %</u>
	Equities	3,195,037	55.6%
	Fixed Interest	1,877,898	32.7%
	Alternative assets	354,323	6.2%
	Investments	5,427,258	94.5%
	Cash	319,370	5.5%
	Total	5,746,628	100.0%
	Total return performance	<u>Fund %</u>	<u>Benchmark %</u>
	Last 12 months	0.19%	3.2%
Investec		<u>Market Value</u>	<u>Fund %</u>
	Equities	2,385,884	66.3%
	Fixed Interest	778,510	21.6%
	Alternative assets	195,955	5.5%
	Property	150,881	4.2%
	Investments	3,511,230	97.6%
	Cash	86,733	2.4%
	Total	3,597,963	100.0%
	Total return performance	<u>Fund %</u>	<u>Benchmark %</u>
	Last 12 months	2.64%	2.5%
Total		<u>Market Value</u>	<u>Fund %</u>
	Investments	8,938,488	95.7%
	Cash	406,103	4.3%
	Total	9,344,591	

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

OPERATIONS DIRECTOR'S REVIEW

Operational impact of Covid-19

Following the government's announcement in March 2020 that all employees should work from home, a great deal of effort was invested in ensuring employees had the correct equipment, software and file storage access to work effectively remotely using virtual platforms and resource sharing tools.

In order to mitigate the impact of the reduction in income as a result of the Covid-19 pandemic a number of steps were taken to help reduce the overheads of the organisation, this included closing the Colnbrook office building and limiting associated running costs for several months.

As the gradual unlocking took place at the end of the first lockdown, a graduated return to the office took place between late summer and late autumn before the second lockdown was imposed in Q4-2020. The focus during this period was to provide a Covid-19 secure environment for our employees and establishing suitable working practices particularly for those who needed to or could work more effectively from the office building.

Club Continuity Fund

Following the shutdown of motorsport linked to the global pandemic, the organisation considered how it could draw upon its resources to support the network of Motorsport UK member clubs.

The senior management team received approval from the board to allocate a £1M continuity fund available to member clubs with £500k of grant funding and £500k of loan funding available. An application and appraisal process was developed to ensure clubs applying could demonstrate significant financial distress linked directly to the impact of Covid-19. A review process including a panel made up of a sub-set of independent board directors was also assembled.

The panel received applications from 19 member clubs spanning disciplines including cross country (2), karting (5) rallying (4) and circuit racing (8). The applications spanned clubs based in England (13), Scotland (3), Northern Ireland (2) and Wales (1).

90% of applications submitted to the panel were awarded funding and 85% of the funding value requested was awarded split across the applicants, some receiving partial awards. The majority of funding was provided as a grant with only one award in the form of a loan. The terms and conditions of the grants and loans required successful applicants to subsequently complete and submit a report to demonstrate how the funds were spent. These reports were reviewed during Q2-2021 to ensure the funding was spent as intended.

The continuity fund was closed for applications at the end of June 2020 following the confirmation of the restart of motorsport activities. It was encouraging to receive a relatively small number of applications across the network of 700+ clubs requiring financial support for survival.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Bicester Relocation

In February 2020, the relocation consultation process commenced in relation to the business move to the new facility in Bicester. The relocation process was paused due to the pandemic, however, as confidence around unlocking grew in the summer, the process was restarted with purchase agreements for the new building in Bicester being concluded.

The tender process for the fit out works on the new building had concluded in late February and following some design changes to consider more flexible and increased remote working, the winning tender bid was refreshed and awarded to Bulb Interiors. Fit out works commenced in September 2020 and were concluded in January 2021. The latter stage of 2020 also crystallised a number of other tenant related fit out items such as supporting building IT infrastructure, furniture and AV installations.

Fit out works were completed in January 2021 and the migration to the new building took place across Q1 2021 in a staged and methodical way to continue to provide a Covid-19 secure environment for employees.

The Colnbrook property was placed on the market in Q3 2020 and the sale of the asset was completed in April 2021.

Information Technology

The organisation continued its journey around the modernisation of its core customer facing IT business systems with a significant amount of work completed on the upgrade of the current CRM system to the most current version. This project has limited windows of time for live update roll outs linked to the phasing of our various license renewal periods which are key to income generation. The roll out to the new version is scheduled to be completed ahead of the next licence renewal period at the end of 2021.

Following the recruitment of a dedicated IT Manager for the business, a full system infrastructure review was completed and a number of improvement measures identified. These were largely around the core infrastructure being relocated to an off-site data centre to provide improved business continuity and also a more seamless migration to the new facility in Bicester. This work was completed in Q3 2020 and all business-critical systems migrated to the new system with any final items moving across as part of the relocation migration in Q1 2021.

In addition to the above improvements, a number of new measures were introduced around cyber security including upgraded firewalls, the introduction of two factor authentication and more advanced e-mail threat detection and filtering software.

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

DIRECTOR OF MARKETING & COMMUNICATION'S REVIEW

The Marketing and Communications department was brought under new leadership in mid-2020, with the appointment of a dedicated Director of Marketing and Communications, with experience of both the marketing and communications industry, and international and national motorsport.

The key imperative for the second half of 2020 was to mitigate the impact of coronavirus on the sport through extensive guidance communications. At the same time, a clear strategy for the promotion of the sport was devised ready for implementation from Q1 2021, paving the way for a wholesale shift in the way Motorsport UK reaches out, connects with, and engages the motorsport community and the wider public.

There was a significant uplift in both the quantity and quality of communication with members throughout 2020, predominantly driven by the sporting and medical guidance, and resumption of motorsport plans for the three lockdowns. Each restart phase was accompanied by media, social media and direct marketing campaigns, to ensure maximum community engagement and participation.

Revolution, the monthly digital magazine introduced in 2019 and produced in-house, has grown in stature and appeal, and is now accommodated on several external publishing platforms as well as its free circulation to the membership. A number of new elements were introduced to ensure it remains engaging and informative, both to the Motorsport UK community and the wider public, and it continues to exceed industry standard open rates and page views. The increased pagination and content breadth is ensuring that more of the magazine is being read by more of the readership.

The Motorsport UK website is the subject of continuous improvement and is carrying more content than ever before. An extensive new Covid-19 section was created to accommodate the significant volume of sport and medical guidance and documentation that was being created per nation with each of the three waves of the pandemic. This has proved to be an invaluable resource for the community, with the data attracting significant user traffic. Improvements have also been brought to the mainstream navigation.

The Marketing and Communications department delivered communications, PR and marketing output for two Formula One Grands Prix held at Silverstone. While the 2020 edition of the Wales Rally GB was regrettably cancelled, with Elfyn Evans in contention for the World Rally Championship drivers' title the team continued to focus on the story-telling to chart his progress and ensure the UK fans remained engaged with rally on the world and national stage.

After the first lockdown, Motorsport UK created four brand-new Esports events so that members could continue to compete, and to help maintain community engagement. These series attracted 1200 competitors, including professional drivers, marshals, volunteers and Trackside members, and reached a combined audience of over half a million views on Facebook and YouTube.

The licence renewal campaign was a significant focus of Q4 2020. Against the backdrop of the pandemic, it was necessary to highlight the significant work of Motorsport UK in mitigating the impact of Covid-19 and keeping the sport and the community together during the crisis. Marketing and Communications created a bespoke 18-page pull-out brochure that charted the story of a challenging year and the great strides made in developing the sport for the post-Covid-19 era, including new championships, new resources for the community, and a particular focus on sustainability.

More broadly, the Marketing and Communications department initiated an increased and more ambitious focus on content creation to promote the sport, build stronger engagement with the community, and to provide a platform that the 720 member clubs could utilise for their own promotional benefit.

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

SPORTING, TECHNICAL & SAFETY DIRECTOR'S REVIEW

Sporting

In 2020, 706 Clubs/Groups/Associations were registered with Motorsport UK. 1809 organising permits were issued up to the end of 2020; a 59 % decrease from 2019. Overall entries were down by 57% from 2019.

Closed Road Events took a sharp fall in 2020, with only one running and many postponing until 2021 due to the Covid19 Pandemic.

The 2020 season finished with 13 British Kart Champions crowned after 10 rounds and over 490 drivers having been registered. In 2020 we achieved a cost neutral budget for Motorsport UK British Kart Championships despite the drop in rounds and disruption of Covid-19.

In 2021 Motorsport UK launched the first Drift Championship which was held at Brands Hatch in June and have also taken in-house the organisation of the British Superkart Championships which is being run over 3 weekends.

The Sporting department continues to issue Championship and Series permits for all of the Sporting disciplines ranging from Club to British National status events.

In addition to the above, the following key projects are planned for 2021:

- Developing and introducing new categories within Motorsport UK to include Electric karting, Drifting, Cross Car, Track Days, no-prep scene Drag Racing.
- Carry out a review of various disciplines including a restructuring of kart classes for 2021 and developing a strategy for UK single seater categories with the objective to reinstate the UK as world leader in the junior elite pathway.
- Relaunch Race and Respect, the campaign for good behaviour.
- Co-ordinating Team UK for the FIA Motor Sport Games being held at Paul Ricard in October which covers 18 disciplines.

Technical

The Technical department receive a large number of enquiries on a daily basis from competitors, officials and manufacturers relating to various issues. This requires a knowledgeable and experienced team to be able respond efficiently and effectively.

In 2020, the Technical department developed a number of short- and long-term project proposals to support the sport. The department continued to process the large turnover of technical documentation, including manufacturer support relating to FIA homologations.

The quantity of common documents processed are shown below:

	<u>2020</u>	<u>2019</u>
Vehicle Passports processed:	610	1,214
FIA Historic Technical Passports issued:	271	387
HRVIFs issued:	36	55
Roll Over Protection System Certificates issued:	25	32
FIA safety equipment homologation applications:	49	79

Support for the maintenance and introduction of new FIA vehicle homologations included those for Ford, McLaren, Aston- Martin and Bentley.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

Technical (continued)

For 2020 the following key Technical projects were identified:

- Develop EV (Electric Vehicle) regulations with a launch during 2020 for publication in the 2021 yearbook.
- Working with Safety in developing cost-effective vehicle safety and recording systems.
- In conjunction with Safety, develop small training videos on safety equipment for all of the motorsport community.
- Introduce a new VP (Vehicle Passports) database with mobile access to scrutineers and propose VP introduction for Race cars.
- Introduce a new mandatory requirement for certification of ROPS (Roll Over Protection System) for all new build vehicles including a 2 part barcode sticker system in unison with 2021 FIA changes.
- Improve customer experience with the FIA HTP (Historic Technical Passport) process and update the database to include an online portal.

Safety

The following key projects were identified for development in 2020:

- Research and trial digital reporting solutions. This will include a trial of "Crashtag" (developed by Motorsport Australia) seeking financial assistance from the FIA.
- Research active safety/marshalling systems for use at permanent UK motorsport venues.
- Working with Technical in developing cost-effective vehicle safety and recording systems.
- In conjunction with Technical developing short training videos on safety equipment for all of the motorsport community.
- Improving quality of documentation, including high quality mapping for track licences.
- Working with the FIA to review and implement a programme for rating test track facilities.
- Improving data output from incidents and accidents including clear statistical data.

At the start of 2020, the Safety department released the Track Licencing application process and managed to process 89 Track Licences. Applications were down on 2019 figures due to the Covid-19 pandemic. Motorsport UK agreed to provide any venues that paid for a Track Licence in 2020 but had no events a 75% discount for 2021 which effects approximately 25 venues.

Track Inspections were heavily impacted by the Covid-19 situation last year with far fewer inspections than planned for.

Rescue and Recovery Unit Licencing transferred to the Safety department in 2019 and for 2020 we processed 96 Unit Licences which included 49 Rescue Units, 40 Recovery Units and 7 Stage Safety Units.

With no events taking place in periods of lockdown, incidents / injures saw a vast reduction and likewise Motorsport UK received an insurance rebate.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

DIRECTOR OF LEARNING & DEVELOPMENT'S REVIEW

During 2020, the Learning and Development Team structure changed with the recruitment of a Director of Learning & Development as well as the inclusion of Sport Promotion as part of the workstreams. Plans to recruit a Marshals Development Officer and a Training & Development Officer were postponed due to the pandemic.

Covid-19 brought about a speedy adoption of online delivery for learning resources for our volunteer marshals and officials. We held 9 webinars for 1220 Officials, Marshals, Clubs, and specialist roles related explicitly to Covid-19. These were supported by guidance documents and recordings of the webinars. We held several training events for our trainers to assist them in delivering training via a range of different platforms, including Teams/Zoom and Cisco.

The pandemic brought about increased use of The Learning Hub, our online learning platform, with 3 Trainer webinars held for 71 participants viewing live and a further 45 viewing the recordings. Face to face training took place at the beginning of the year and briefly during the late summer; however, the vast majority was covered via the online/virtual platforms.

BMSTT support was provided to 62 events at a cost to the Trust of £89,706.96. Events were cancelled due to Covid-19, however, many trainers and clubs opted for virtual training and the BMSTT provided support for online licence fees.

Sport Growth and Development (partially funded by the FIA Sport Grant) was a key component of our 2020 actions with Club, Volunteer, Competitor and Entrant surveys undertaken to gain insight into their thoughts, needs and desires for a sustainable sport and their concerns over the Covid-19 situation. Based on these surveys and in consultation with the Regional Committee, a Sport Development Plan was created to form the basis of the 2021 Regional Development programme.

The Girls on Track programme went through a period of change with original girls Dare to be Different becoming integrated into the FIA Girls on Track, Social Responsibility Programme. This enabled Motorsport UK to develop the FIA Girls on Track UK programme (partially funded by the FIA Sport Grant). The 2020 programme was held virtually through 5 x webinars with 303 attendees, virtual workshops, and networking events to inspire, connect, and showcase female talent across the sport through diverse career pathways.

Several initiatives were introduced as part of our Club Development programme (partially funded by the FIA Sport Grant). An accreditation scheme for clubs with Environmental Sustainability (including an online module, workbook and worksheets) as the first module launched in September, a series of Marketing and Social Media workshops were held (11 events, 516 participants), supplemented by the launch of a Club Toolkit (how-to guides and information) and a Club specific area on The Learning Hub with modules and learning materials freely available.

Throughout 2020 we continued to provide support to our Academy Members with limited face to face contact. Significant contact through coaching and online support, virtual meetings, 9 webinars for all our competitors and a further 16 for our Academy Members (716 attendees), filmed sessions and a range of activities designed to ensure the competitors were kept engaged and to assist them in maintaining their mental and physical well-being. These resources are all available through the Competitor section of The Learning Hub and our YouTube channel.

After mid-March, International training moved to virtual platforms that included a world first in successfully delivering two training events to Scrutineers from 9 different Middle East Countries. We continued to provide Officials Safety programmes for 5 East African Countries and assisted 6 Countries in applying for FIA Sports Grants. We successfully achieved four grants from the FIA: an Economic Impact Study, a Sustainability Project, A Girls on Track Cluster programme (with Australia and Costa Rico) and a Sport Development Programme.

Overall 2020 was a challenging year but one that has helped develop the virtual/online world of learning and development far quicker than would usually have been the case.

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

GENERAL SECRETARY'S REVIEW

Legal and Regulatory

The last 12 months has seen the legal department continue to expand with the appointment of a Head of Safeguarding. Within its scope the department has rapidly set about implementing critical measures to safeguard the sport and its participants. The Board itself has overarching responsibility for matters involving safeguarding and social behaviour including liaison where appropriate with other agencies including UKAD, WADA, Police and separately Local Authorities in all parts of the UK. Within that expanded scope, the department has progressed safeguarding within the sport reporting to the Board to ensure that the organisation meets its statutory obligations.

The General Secretary and Regulatory and Disciplinary functions have remained separate albeit under the management of the General Secretary pursuant to the Company's status as ASN under the FIA Code and the commercial functions associated with General Secretary role. The departments have come together throughout Covid-19 to provide support through the elite sport exemption process as well as delivering guidance and advisory throughout the organisation in respect of Covid-19 secure events when permitted by government.

The department has undertaken further review of the Company's governance structures and was instrumental in preparing for the company's relocation to Bicester through planning for the HR consultation process and legal work for the conveyancing. The management of trademarks and other intellectual property rights registrations have been brought in-house to save costs. The department continues to assist with the governance structure in respect of the Company's Equality, Diversity and Inclusion frameworks in Motorsport.

In Regulatory affairs, apart from the provision of every-day ad hoc advice to executives and liaison with FIA and UK Government, some 9 cases arising from Permitted Events have been managed through the National Court while there 60 cases reported to the Safeguarding team for review. There continues to be a demonstrable level of Regulatory change brought to and promulgated by the Board as a consequence of new Governance and from the various Committees and latterly the Rules Committee under the 'new' Governance procedures. In addition, as incidental to the function of the ASN, we continue to handle a number of serious incident matters including a fatality and liaison with the relevant Coroner as well as with local Health and Safety Executive. Liaison and active management of insurance claims with our insurers and external lawyers including the transition between insurers. The Serious Incident Study Group continues to progress its support in these matters as well as the delivery of seminars to senior officials on the handling of serious incidents which in the widest context is any incident that could give rise to a claim against the company.

MOTORSPORT UK ASSOCIATION LIMITED GROUP STRATEGIC REPORT - CONTINUED

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 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, 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. We have increased our public liability cover for any motor sport incident to £100m in 2020. 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 following a wholesale restructure of the constitution in 2019, 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, providing a conduit of information from the full spectrum of UK motorsport and giving guidance to the Board in relation to 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 the 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

Following the challenges of Covid-19 in 2020 the whole world was optimistic that 2021 would prove to be somewhat easier, but as we now know, that hope was overturned in the harsh reality of the long-term impact of the pandemic.

Our 2021 budget and operational plan had been agreed at the November 2020 board meeting and had set the goal of 25,000 competition licenses (versus c.31,000 in 2019), and a corresponding reduction in other related activity such as permits and insurance. Despite this the target was set for a breakeven budget before exceptional items for 2021, which was aimed to be a significant turnaround from the losses of previous years.

After the cancellation of the 2020 edition of the WRC in Wales, there was a continued challenge to make any commitment to running the event in 2021, with a reduced sponsorship from the Welsh Government and natural uncertainty as to the viability of the event with spectators. The decision was announced in March but combined with a clear message that it is the firm ambition to bring the WRC back to the UK as soon as possible.

The year started in lock down with all motorsport activity suspended, a state of affairs that continued until Easter, when partial opening up began across some parts of the UK and in some regions and nations more than others. Despite this gloomy backdrop, our members did not lose faith in the certainty of a restart and their ability to commit to the season ahead. Once the season was underway, we saw a strong level of activity with oversubscribed events and packed grids. By mid-September there had been 25,500 licences issued with a corresponding level of permits, that will deliver the planned level of revenues. Overall, the forecast for the year is to be on target for the original planned budget.

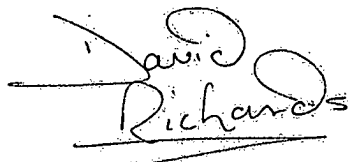
As reported, the move to Bicester took place in the spring, and has proven an excellent base for the organisation. The move has brought significant change to the make-up of teams, with a number of staff choosing to leave, but balanced with a welcome influx of new employees. Overall, the profile of the organisation has shifted markedly with a similar headcount of 60 but around 65% having joined in the past three years, with an average age of 39, average length of service of 6 years, a 50:50 male female balance. Much work is now being done on the integration of these new cohorts and the development of a consistent high performance culture.

The creation of new committees in Sustainability and EDI (Equality, Diversity and Inclusion) has sparked a series of programmes that seek to address the fundamental elements to ensure the sport can sustain its relevance in a changing world. 2022 will see a roll out of many new initiatives.

After the success of the running of the British Kart Championship by Motorsport UK, the portfolio of events has expanded to embrace Superkarts to add to the British Rally Championship. New for 2022 will see Motorsport UK as the organiser and promoter of the British F4 Championship – part of the FIA Single Seater pathway – with new 'Generation II' cars but continuing on the leading BTCC/TOCA race package. This is a move designed to see the UK reclaim its historic role as the leading destination for young drivers from around the world seeking to prove their talent.

Overall Motorsport UK has navigated the challenges of the Covid-19 pandemic in good health and is well prepared to deploy its new capabilities and resources to maximum effect in 2022. The goals are ambitious and clearly aimed at securing the long term future of the sport.

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

A handwritten signature in black ink, appearing to read 'D P Richards', with a horizontal line drawn underneath the name.

D P Richards CBE - Chairman
29 September 2021

MOTORSPORT UK ASSOCIATION LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited group financial statements for the year ended 31 December 2020.

DIRECTORS

The Directors who served throughout the year were:

D P Richards – Chairman
H B Chambers – Chief Executive

H K Bashford-Malkie

CL Bond Muir

C R Cooper

B P Cussons

(resigned 2 October 2020)

W D Lapworth

N E H Moffitt

J R Norbury

T F G Purves

P G Read

(resigned 1 October 2020)

R G 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 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 and investment asset balances and in order to facilitate the acquisition of the new office headquarters in Bicester, a loan facility was entered into with Julius Baer. 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. 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 (2019 - 45 days) from the date of the invoice being issued.

CHARITABLE DONATIONS

During the year, there were no Group charitable donations. (2019: £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 2020 were as follows:-

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

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

2020 Motorsport UK Board Meeting Normal Attendance

Director	Board	Meetings
	Possible	Attendance
DP Richards	7	7
HB Chambers	7	7
HK Bashford-Malkie	7	7
CL Bond Muir	7	7
CR Cooper	7	7
BP Cussons	6	6
DW Lapworth	7	7
NEH Moffitt	7	7
JR Norbury	7	7
TFG Purves	7	7
PG Read	6	5
RG Wills	7	7

This year we said farewell to Ben Cussons and Peter Read who both served the Group with great loyalty and we thank them sincerely for their valued contribution.

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 - Chairman
29 September 2021

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 2020 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 2020 and of the group's loss 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.

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 20, 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 depreciation, valuation of defined benefit pension scheme and insurance provision.

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.



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

29 September 2021

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Group Income	2,3		
Governance of motor sports		5,409,371	4,914,704
Event promotion and commercial activities		<u>1,638,009</u>	<u>3,647,921</u>
		<u>7,047,380</u>	<u>8,562,625</u>
Expenditure			
Staff costs	4	3,134,237	2,771,563
Other administration expenses		5,042,547	7,273,136
Exceptional costs	5	548,384	-
Fair value movements		<u>(73,054)</u>	<u>(211,666)</u>
		<u>8,652,114</u>	<u>9,833,033</u>
Other income	6	168,499	-
Operating deficit		(1,436,235)	(1,270,408)
Interest receivable and similar income	7	166,553	233,596
Interest payable	8	<u>(29,647)</u>	<u>-</u>
Deficit on ordinary activities for the year before taxation	9	(1,299,329)	(1,036,812)
Tax credit on the surplus for the year	10	<u>48,326</u>	<u>138,962</u>
Deficit on ordinary activities after taxation for the financial year		<u>(1,251,003)</u>	<u>(897,850)</u>

All above amounts are in respect of continuing activities.

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2020

	2020 £	2019 £
Deficit for the financial year	(1,251,003)	(897,850)
Surplus on revaluation	- <u>(1,251,003)</u>	47,750 <u>(850,100)</u>
Actuarial loss on net pension costs	(1,095,000)	(196,000)
Movement on deferred tax relating to pension liability	164,395	33,320
Total comprehensive income for the financial year retained	<u><u>(2,181,608)</u></u>	<u><u>(1,012,780)</u></u>

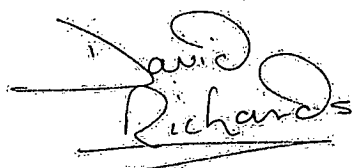
MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	5,803,822	2,052,154
Investments	12	<u>8,938,488</u>	<u>8,761,127</u>
		14,742,310	10,813,281
CURRENT ASSETS			
Stocks		47,202	47,202
Debtors	13	741,628	1,203,477
Cash at bank and in hand		<u>2,106,477</u>	<u>3,547,960</u>
		2,895,307	4,798,639
CREDITORS: amounts falling due within one year	14	(4,758,500)	(3,151,559)
Insurance provision	15	<u>(1,192,921)</u>	<u>(1,659,633)</u>
NET CURRENT LIABILITIES		(3,056,114)	(12,553)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,686,196	10,800,728
Creditors due in more than one year	16	<u>(2,404,902)</u>	<u>(48,326)</u>
		9,281,294	10,752,402
Net Pension liability	19	<u>(873,180)</u>	<u>(162,680)</u>
NET ASSETS		8,408,114	10,589,722
RESERVES			
Income and expenditure account		7,881,364	10,062,972
Property revaluation reserve	18	<u>526,750</u>	<u>526,750</u>
		8,408,114	10,589,722

The parent company deficit for the financial year amounted to £2,181,564 (2019: £902,304) which includes the net loss on revaluation of the pension scheme of £930,605 (2019: £162,680).

The financial statements were approved and authorised for issue by the Board on 22 September 2021.

Signed on behalf of the Board of Directors



D P Richards CBE
Chairman



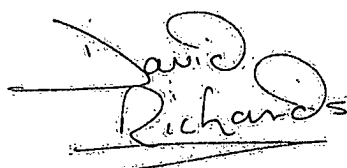
H B Chambers
Chief Executive

MOTORSPORT UK ASSOCIATION LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	11	5,803,822	2,052,154
Investments	12	<u>8,939,490</u>	<u>8,762,129</u>
		14,743,312	10,814,283
CURRENT ASSETS			
Stocks		47,202	47,202
Debtors	13	741,630	1,203,477
Cash at bank and in hand		<u>2,106,278</u>	<u>3,537,717</u>
		2,895,110	4,788,396
CREDITORS: amounts falling due within one year	14	(4,764,752)	(3,147,809)
Insurance provision	15	<u>(1,192,921)</u>	<u>(1,659,633)</u>
NET CURRENT LIABILITIES		(3,062,563)	(19,046)
TOTAL ASSETS LESS CURRENT LIABILITIES		11,680,749	10,795,237
Creditors due in more than one year	16	<u>(2,404,902)</u>	<u>(48,326)</u>
		9,275,847	10,746,911
Net pension liability	19	<u>(873,180)</u>	<u>(162,680)</u>
NET ASSETS		8,402,667	10,584,231
RESERVES			
Income and expenditure account		7,875,917	10,057,481
Property revaluation reserve	18	<u>526,750</u>	<u>526,750</u>
		8,402,667	10,584,231

The financial statements were approved and authorised for issue by the Board on 22 September 2021.

Signed on behalf of the Board of Directors



D P Richards CBE
Chairman



H B Chambers
Chief Executive

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
(Deficit)/Surplus for the financial year	(1,436,235)	(1,270,408)
Adjustments for:		
Net depreciation of tangible assets	175,757	152,187
Loss on disposal of tangible assets	167,581	437,055
Loss/(Gain) on sale of current asset investments	42,137	(666,732)
Fair value movements on investments	(73,055)	(211,666)
Decrease/(increase) in stocks	-	(25,882)
Decrease/(increase) in debtors	460,949	(305,322)
	(1,045,853)	
(Decrease)/increase in creditors		716,438
Cash from operations	(1,708,719)	(1,174,330)
Taxes (paid)/repaid	(1,062)	(50,376)
Net cash generated from operating activities	(1,709,781)	(1,224,706)
Cash flows from investing activities		
Proceeds from sale of tangible assets	1,510	-
Proceeds from sale of investments	5,888,000	2,273,838
Purchase of tangible assets	(4,096,516)	(350,517)
Purchase of investments	(6,034,444)	(2,540,052)
Interest received	166,553	233,596
Net cash from investing activities	(4,074,897)	(383,135)
Cash flows from financing activities		
Net proceeds from commercial loans	4,372,842	-
Interest paid	(29,647)	-
Net cash from financing activities	4,343,195	-
Net increase in cash and cash equivalents	(1,441,483)	(1,607,841)
Cash and cash equivalents at the beginning of year	3,547,960	5,155,801
Cash and cash equivalents at the end of year	2,106,477	3,547,960

MOTORSPORT UK ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

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	526,750	7,584,336	297,028	8,408,114

	<u>Revaluation Reserve</u>	<u>Reserves</u>	<u>Fines Account</u>	<u>Total Equity</u>
As at 1 January 2019	479,000	10,922,543	200,959	11,602,502
Comprehensive income for the year				
(Deficit) / Surplus for the year		(970,224)	72,374	(897,850)
Actuarial loss on net pension costs		(196,000)		(196,000)
Tax in respect of items of other comprehensive income		33,320		33,320
Surplus on revaluation	47,750	-		47,750
As at 31 December 2019	526,750	9,789,639	273,333	10,589,722

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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. In the previous year, International Motor Sports Limited, a dormant subsidiary, was consolidated as part of the Group together with the Company and British Grand Prix Limited. International Motor Sports Limited was struck off on 22 September 2020 and is not included in the consolidated Group results for the year ended 31 December 2020.

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 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 longer-term impact on the business of Covid-19, detailed financial modelling was conducted. As part of the modelling work, a number of scenarios were prepared taking into account varying levels of severity on the business. In each scenario, a full set of financial statements were prepared (profit and loss account, balance sheet and cash flow) and reviewed accordingly. In all scenarios, the actions that would be taken ensure that Motorsport UK continue to have sufficiently strong reserves (namely in the form of its investment portfolio) to continue to operate for the long term.

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.

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 receive the consideration due under the transaction.

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES – continued

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	5%	per annum on revaluation

e) Property Revaluation

The freehold building is revalued externally annually 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.

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) 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 claims incurred 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. The liabilities are derecognised when the obligation to pay a claim expires or is discharged or is cancelled.

k) 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 2020

2. ACCOUNTING POLICIES – continued

l) Pension Scheme

From 1 January 2005 the Group has adopted the full requirements of FRS 102.

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

m) 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.

n) 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

	2020 £	2019 £
Analysis by geographical market:		
United Kingdom	6,750,449	8,222,269
The EU	191,911	247,427
Rest of World	<u>105,020</u>	<u>92,929</u>
	<u>7,047,380</u>	<u>8,562,625</u>
	2020 £	2019 £
Analysis by principal activity:		
Governance of motor sports	5,409,371	4,914,704
Event promotion and commercial activities	<u>1,638,009</u>	<u>3,647,921</u>
	<u>7,047,380</u>	<u>8,562,625</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 2020

4. INFORMATION REGARDING DIRECTORS & EMPLOYEES

	2020	2019
DIRECTORS' EMOLUMENTS		
Total emoluments	<u>£262,564</u>	<u>£385,131</u>

In the previous year, the two executive directors, Messrs Chambers and Gangahar had authority for planning, directing and controlling the activities of the company and were considered to be key management personnel. Directors' emoluments for 2019 relates to the two executive directors, whereas the 2020 figures relate to the sole remaining executive director following resignation of Mr Gangahar.

The highest paid Director received emoluments of £246,148 (2019: £281,413) plus £16,416 (2019: £33,750) was paid in respect of pension contributions.

Pension contributions made under the defined contribution scheme:

No. of directors in the scheme	<u>1</u>	<u>2</u>
Contribution for the year	<u>£16,416</u>	<u>£70,127</u>

There were 12 (2019: 16) Directors who served the Group during the year of which 1 (2019: 2) was an executive Director. The non-executive Directors did not receive director's emoluments (2019: £Nil). The number of Directors who served in 2019 was higher due to the appointment & resignation of directors during the year.

Following the resignation of Mr Gangahar and subsequent restructuring of the management team, the Group has now established a formal Senior Management Team. The Senior Management Team consists of, the sole remaining executive director, Mr Chambers together with the organisation's functional leaders, as set-out in the Strategic Report. As a result, the Senior Management Team are now considered to be key management personnel. Emoluments paid to the Senior Management Team during the year totalled £858,783 plus £71,584 in respect of pension contributions.

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

	2020	2019
EMPLOYEES		
The average number of paid employees during the year was	<u>57</u>	<u>54</u>
Executive Directors and managers	29	20
Processing and administration	28	34
Parent Company Directors - Male	10	15
- Female	2	1
Senior Managers - Male	13	17
- Female	6	7
Other Employees - Male	21	15
- Female	<u>17</u>	<u>15</u>
	<u>57</u>	<u>54</u>
Total Employees - Male	34	32
- Female	<u>23</u>	<u>22</u>
	<u>57</u>	<u>54</u>

EMPLOYEE COSTS DURING YEAR (including Directors)

	£	£
Salaries	2,491,843	2,131,246
Social security costs	261,579	212,519
Net Pension cost	<u>380,815</u>	<u>427,798</u>
	<u>3,134,237</u>	<u>2,771,563</u>

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

5. EXCEPTIONAL COSTS

The Group incurred exceptional costs of £548,384 (2019: £nil) during the year as a result of two major, one-off events.

Firstly, having set-out its intention to relocate the organisation from its previous location near Heathrow to the heartland of 'motorsport valley' in the prior year, the Group duly acquired a new head office premises in Bicester. As a result, the Group incurred costs totalling £191,982 relating to staff restructuring and relocation expenses in the year. In addition to this, the Group had to dispose of fixed assets, which could not be relocated or were replaced as part of the relocation. This resulted in a loss on disposal of £168,289.

Secondly, 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 the year.

6. OTHER INCOME

This represents Government Grant income received under the Coronavirus Job Retention Scheme which totalled £168,499 for the year (2019: £nil)

7. INTEREST RECEIVABLE AND OTHER INCOME

	2020	2019
	£	£
Bank Interest	2,432	17,160
Dividends and Interest from Investments	163,951	216,387
Other Interest	170	49
	<u>166,553</u>	<u>233,596</u>

8. INTEREST PAYABLE

	2020	2019
	£	£
Commercial loan interest	29,647	-
	<u>29,647</u>	<u>-</u>

9. DEFICIT FOR THE YEAR BEFORE TAXATION

	2020	2019
	£	£
This is stated after charging/(crediting) the following amounts		
Net Depreciation	175,757	152,187
Fair value movement on investments	(73,055)	(211,666)
Auditors' remuneration - audit services	23,600	21,450
Auditors' remuneration - taxation & other services	16,705	46,355
Loss / (Gain) on disposal of fixed asset investment	42,137	(666,732)
Loss on scrapping of fixed asset	-	437,055
Loss on disposal of fixed assets*	167,581	-
Exchange losses	34,780	33,338

* The loss on disposal includes £168,289 relating to the disposal of assets as part of the relocation of the head office and is included within exceptional costs.

10. TAX (CREDIT)/CHARGE ON THE (DEFICIT)/SURPLUS FOR THE YEAR

	2020	2019
	£	£
The tax (credit)/charge is based on the (loss)/profit for the year and represents:		
UK corporation tax	-	-
Prior year's under/(over) provision	<u>-</u>	<u>14,863</u>
Total current tax	-	14,863
Deferred taxation	(220,853)	(153,695)
Deferred taxation not recognised	180,055	-
Adjustments in respect of prior periods	<u>(7,528)</u>	<u>(130)</u>
Tax on results on ordinary activities	<u>(48,326)</u>	<u>(138,962)</u>

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

10. TAX (CREDIT)/CHARGE ON THE (DEFICIT)/SURPLUS FOR THE YEAR (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are explained as follows:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(1,299,329)</u>	<u>(1,036,812)</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	(246,873)	(196,994)
Fixed Asset timing differences	5,492	-
Expenses not deductible for tax purposes	30,287	7,209
Income not taxable	(20,406)	(52,224)
Capital gains/(losses)	20,406	73,137
Deferred tax adjustments	(2,728)	15,177
Exempt distributions	(14,853)	-
Deferred taxation not recognised	180,055	-
Other	7,092	-
Prior year's (over)/under provision	(6,798)	14,733
Current tax charge for the year	<u>(48,326)</u>	<u>(138,962)</u>

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £164,395 (2019: £33,320). 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 not substantively enacted until after the year end date, deferred tax has been recognised at 19% which represents the rate as at 31 December 2020.

11. TANGIBLE FIXED ASSETS

GROUP & COMPANY	Office Fixtures Fittings and Equipment	Computer Software	Motor Vehicles	Land and Buildings	Total
COST/ VALUATION	£	£	£	£	£
At 1 January 2020	1,157,839	806,215	45,265	1,710,000	3,719,319
Additions	893,129	57,425	-	3,145,962	4,096,516
Disposals	(1,091,754)	(806,215)	(39,265)	-	(1,937,234)
At 31 December 2020	<u>959,214</u>	<u>57,425</u>	<u>6,000</u>	<u>4,855,962</u>	<u>5,878,601</u>
ACCUMULATED DEPRECIATION					
At 1 January 2020	901,241	741,601	24,323	-	1,667,165
Provision for year	56,435	79,101	11,316	28,905	175,757
Disposals	(928,539)	(806,215)	(33,389)	-	(1,768,143)
At 31 December 2020	<u>29,137</u>	<u>14,487</u>	<u>2,250</u>	<u>28,905</u>	<u>74,779</u>
NET BOOK VALUE					
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 31 December 2019	<u>256,598</u>	<u>64,614</u>	<u>20,942</u>	<u>1,710,000</u>	<u>2,052,154</u>

The revaluation of the freehold building on which depreciation is charged amounts to £526,750. (2019: £520,000)

Included within land and buildings is freehold property known as, Motorsport UK House, which 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, as disclosed in Note 23.

During the year the group acquired the leasehold property known as, 141 The Command Works, which is included within Land and Buildings above. In order to facilitate the fit-out of the new office headquarters in Bicester, the group entered into asset financing arrangements. As a condition to secure the funding, the lenders have a legal charge against the assets.

A motor vehicle costing £25,995 was held under a finance lease (2019: £25,995). The lease expired in October 2019 and the vehicle was subsequently disposed of in the current year.

MOTORSPORT UK ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>GROUP</u>		<u>COMPANY</u>	
	2020	2019	2020	2019
	£	£	£	£
12. INVESTMENTS				
Interest in subsidiaries	-	-	1,002	1,002
Other fixed asset investments	<u>8,938,488</u>	<u>8,761,127</u>	<u>8,938,488</u>	<u>8,761,127</u>
	<u>8,938,488</u>	<u>8,761,127</u>	<u>8,939,490</u>	<u>8,762,129</u>

In order to facilitate the acquisition of the new office headquarters in Bicester, a loan facility was entered into with Julius Baer. 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>	
	2020	2019	2020	2019
	£	£	£	£
13. DEBTORS				
Trade debtors	<u>451,811</u>	<u>706,205</u>	<u>451,811</u>	<u>706,205</u>
Other debtors	<u>41,655</u>	<u>293,959</u>	<u>41,657</u>	<u>293,959</u>
Prepayments and accrued income	<u>248,162</u>	<u>203,313</u>	<u>248,162</u>	<u>203,313</u>
	<u>741,628</u>	<u>1,203,477</u>	<u>741,630</u>	<u>1,203,477</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>GROUP</u>		<u>COMPANY</u>	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	<u>1,530,249</u>	<u>1,128,198</u>	<u>1,530,249</u>	<u>1,128,198</u>
Other creditors	<u>226,118</u>	<u>165,747</u>	<u>226,118</u>	<u>165,747</u>
Loans due < 1 year (note 16)	<u>1,967,940</u>	-	<u>1,967,940</u>	-
Other taxes and social security	<u>138,696</u>	<u>74,634</u>	<u>138,696</u>	<u>74,634</u>
Accruals and deferred income	<u>897,459</u>	<u>1,782,980</u>	<u>903,711</u>	<u>1,779,230</u>
	<u>4,760,462</u>	<u>3,151,559</u>	<u>4,766,714</u>	<u>3,147,809</u>
Corporation tax payable / (receivable)	<u>(1,962)</u>	-	<u>(1,962)</u>	-
	<u>4,758,500</u>	<u>3,151,559</u>	<u>4,764,752</u>	<u>3,147,809</u>

15. INSURANCE PROVISION: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>GROUP & COMPANY</u>
	£
Opening balance as at 1 January 2020	1,659,633
Movement in the year	(466,712)
Closing provision as at 31 December 2020	<u>1,192,921</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.

With effect from 1 January 2019, Motorsport UK provided insurance to the clubs as part of the permit fee and bore any uninsured excess in respect of all future claims.

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16. CREDITORS DUE IN MORE THAN ONE YEAR

	<u>GROUP & COMPANY</u>	
	2020	2019
	£	£
Commercial loans	2,404,902	-
Deferred tax liability	-	48,326
At 31 December 2020	<u>2,404,902</u>	<u>48,326</u>

	<u>GROUP</u>		<u>COMPANY</u>	
	2020	2019	2020	2019
	£	£	£	£
Commercial loans are repayable as follows:				
Within one year (note 14)	1,967,940	-	1,967,940	-
Between one to two years	402,628	-	402,628	-
Between two to five years	1,202,274	-	1,202,274	-
More than five years	800,000	-	800,000	-
	<u>4,372,842</u>	<u>-</u>	<u>4,372,842</u>	<u>-</u>

Commercial loans consists of:

A £3.3m loan, entered into with Julius Baer, to facilitate the acquisition of the new office headquarters in Bicester. This facility has no fixed repayment terms. The disclosure above is based on the Directors expectations with £1,900,000 being repaid after the year end, following the sale of the former head office and, an expectation 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.

	<u>GROUP</u>		<u>COMPANY</u>	
	2020	2019	2020	2019
	£	£	£	£
Deferred taxation asset not recognised / (liability) provided in the accounts is as follows:				
Fixed asset timing differences	7,591	(22,296)	7,591	(22,296)
Short term timing differences	16,265	5,921	16,265	5,921
Deferred tax on property	(117,260)	(104,916)	(117,260)	(104,916)
Deferred tax on fair value movement on investments	(96,314)	(67,919)	(96,314)	(67,919)
Losses and other deductions	369,773	140,884	369,773	140,884
Deferred tax asset not recognised / (liability)	<u>180,055</u>	<u>(48,326)</u>	<u>180,055</u>	<u>(48,326)</u>

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17. FINANCIAL INSTRUMENTS

	Group	
	2020	2019
Financial Assets		
Financial assets measured at fair value through profit or loss	£8,938,488	£8,761,127
Financial assets that are debt instruments measured at amortised cost	<u>£523,466</u>	<u>£1,000,164</u>
	<u>£9,440,455</u>	<u>£9,761,291</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>£6,129,209</u>	<u>£1,293,945</u>

Financial assets measured at fair value through income and expenditure comprise listed investments.
Financial assets measured at amortised cost comprise trade and other debtors.
Financial liabilities measured at amortised cost comprise trade and other creditors plus commercial loans.

18. PROPERTY REVALUATION RESERVE

	GROUP & COMPANY
	£
At 1 January 2020	526,750
Surplus on revaluation	-
At 31 December 2020	<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 represents accumulated comprehensive income for the year and prior periods.

As disclosed in Note 23, on 8 April 2021, the Company sold its interest in its former head office property known as Motorsport House, Colnbrook. Contracts were not exchanged until after the year end so this is treated as a non-adjusting post balance sheet event.

19. 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 £215,000 (2019: £nil).

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 2020 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary were:-

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FOR THE YEAR ENDED 31 DECEMBER 2020

19. PENSION AND RELATED STAFF BENEFITS – continued

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

The mortality assumptions adopted at 31 December 2020 imply the following life expectancies at age 65:-

Male retiring in 2020	21.8 years	Female retiring in 2020	23.7 years
Male retiring in 2040	23.1 years	Female retiring in 2040	25.2 years

The Company paid a contribution of £221,450 on 31 January 2021 (£215,000 on 31 January 2020) 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 2020 £	Value at 2019 £	Value at 2018 £
UK Equities	1,474,000	-	-
Overseas Equities	2,890,000	4,207,000	3,510,000
Gilts	-	2,068,000	1,849,000
Diversified Growth Funds	2,842,000	2,752,000	2,497,000
Liability Driven Investments	1,653,000	-	-
Multi-Asset Credit	856,000	-	-
Net cash	153,000	5,000	80,000
Fair value of plan assets	9,868,000	9,032,000	7,936,000
Present value of defined benefit obligation	(10,946,000)	(9,228,000)	(7,753,000)
(Deficit) / unrecognised surplus in the plan	(1,078,000)	(196,000)	183,000
Related deferred tax on deficit / surplus in the plan	204,820	33,320	-
Net pension (liability) / asset	(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 (2019: £nil) has been recognised in Income Statement.

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19. PENSION AND RELATED STAFF BENEFITS – continued

Defined benefit costs recognised in Other Comprehensive Income:

	2020 £	2019 £
Return on plan assets	500,000	937,000
Experience gains / (losses) arising on the plan liabilities	26,000	(281,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	<u>(1,621,000)</u>	<u>(1,040,000)</u>
	<u>(1,095,000)</u>	<u>(384,000)</u>
Effects of changes in the amount of surplus that is not recoverable	-	188,000
Total amount recognised in comprehensive income – (loss)/gain	<u>(1,095,000)</u>	<u>(196,000)</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £	2019 £
Scheme benefit obligation at the start of the period	9,228,000	7,753,000
Current service cost	-	-
Interest cost	193,000	220,000
Curtailments and Settlements	-	-
Benefits paid and death in service insurance premiums	(70,000)	(66,000)
Past service costs	-	-
Actuarial losses/(gains)	<u>1,595,000</u>	<u>1,321,000</u>
Defined benefit obligation at the end of the period	<u>10,946,000</u>	<u>9,228,000</u>

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

	2020 £	2019 £
Fair value of scheme assets at start of period	9,032,000	7,936,000
Interest income	191,000	225,000
Actuarial gains	500,000	937,000
Contributions by employer	215,000	-
Benefits paid and expenses	(70,000)	(66,000)
Fair value of plan assets at the end of period	<u>9,868,000</u>	<u>9,032,000</u>

The actual return on the scheme assets over the year ended 31st December 2020 was £691,000. (2019: £1,162,000).

A historical five years summary

	2020 £	2019 £	2018 £	2017 £	2016 £
Fair value of plan assets	9,868,000	9,032,000	7,936,000	8,228,000	7,529,000
Defined benefit obligation	(10,946,000)	9,228,000	7,753,000	8,020,000	7,661,000
Surplus/(Deficit) in the plan	(1,078,000)	(196,000)	183,000	208,000	(132,000)

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 £362,916 (2019: £388,356). The Group accruals include pension contributions due but not yet paid of £39,638 (2019: £34,829)

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20. 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 2020 are set out below:

Trading	Limited company with share capital	Class of Shares	Portion of shares held
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.

21. RELATED PARTY TRANSACTIONS

Motorsport UK is ultimately controlled by the members shown on page 20.

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, Purvis, Richards, and Moffitt are either current trustees, or served as trustees during the period, 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. Motorsport UK provided accommodation, administration & secretarial support, investment monitoring and accounting assistance required for day to day operations free of charge.

Motorsport UK 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. Messrs Cussons and Read are continuing directors of the Club and Mr Cussons is the Club Chairman.

Motorsport UK, 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. Motorsport UK's interests were represented by Mr Colin Clark. It is chaired by Tom Purves, former Chairman of the Club and director of Motorsport UK.

Motorsport UK has previously considered BARC (TOCA) Limited as a related party as a result of having two common directors. BARC (TOCA) Limited is not considered a related party for the current period.

22. CAPITAL COMMITMENTS

At the year-end date, the group was in the process of fitting out its new head office building in Bicester and, as a result had Capital Commitments of £394,170 (2019: £nil)

23. POST BALANCE SHEET EVENTS

On 8 April 2021, the group sold its freehold interest in its former head office property known as Motorsport House, Colnbrook for £2,537,000, resulting in a profit on disposal of £1,337,000. The group is treating the sale of the property as a non-adjusting post balance sheet event as contracts were not exchanged until after the year end date.