Club Acquisition Company Limited

Report and Financial Statements

Year Ended 31 December 2015

Company Registration Number 0356 2033

Club Acquisition Company Limited

Report and financial statements
For the year ended 31 December 2015

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Directors
T F G Purves
M J Turner
M Wade

Secretary and registered office
Miles Wade CBE
89/91 Pall Mall
London SW1Y 5HS

Auditors
Saffery Champness,
71 Queen Victoria Street
London EC4V 4BE

Company number: 03562033

Directors' report
for the year ended 31 December 2015

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

Principal activities

The principal activity of the Company is to hold the freehold of the Country Club and Estate of the Royal Automobile Club at Woodcote Park, Epsom, Surrey, and the leasehold of 89-91 Pall Mall, London.

Financial statements

The income, operating results and net assets of the Company are set out on pages 5 to 18.

Having reviewed the Company's performance, resources, principal risks and projected cash flows, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a consequence they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Board composition and appointment

The Board comprises three directors who are appointed by the board of the ultimate parent Company, The Royal Automobile Club Limited ('RAC Ltd') which is registered in England. The current directors include the Chairman, Vice Chairman and Club Secretary of RAC Ltd. New appointments to the Board are subject to a formal nomination process.

The following served as directors of the Company during the year:

T F G Purves
M J Turner
M Wade

Remuneration policy for executive management team

The Company has no employees and as such there is no requirement for a remuneration committee or policy for executive management.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). In preparing those 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, subject to any material departures disclosed and explained in the financial statements, and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information posted on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors at the time when this report is approved confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Accounting Standards

As required, this is the first year that the Company has presented its results under a new financial reporting standard, FRS 102. The last financial statements prepared under the previous UK generally accepted accounting principles were for the year ended 31 December 2014. The transition date to FRS 102 was 1 January 2014 and accordingly a number of changes to accounting policies, disclosures and presentational formats for the year ended 2014 have been undertaken and the 2014 financial statements restated.

The effect of transition on the Company's net asset position, equity and surplus/deficit for the year is fully explained in note 15 to the financial statements. Of the transitional adjustments, only the provision for deferred taxation carries forward into 2015 and subsequent years.

The transition to FRS 102 is to be conducted by all applicable UK companies, and is a single reporting standard replacing all extant standards, statements of standard accounting practice and urgent issues task force abstracts.

Auditors

A resolution to reappoint Saffery Champness as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the Board

....

Tom Purves
Director

17 May 2016

Independent auditors' report to the members

We have audited the financial statements of Club Acquisition Company Limited for the year ended 31 December 2015 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

Lizttazell

Liz Hazell (Senior Statutory Auditor)
For and on behalf of

Saffery Champness
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London EC4V 4BE

17 May 2016

Club Acquisition Company Limited

Statement of comprehensive income
for the year ended 31 December 2015

	Notes	2015	2014
		£	£
Income		10,000	10,000
Direct costs		-	-
Excess of income over direct costs		10,000	10,000
Depreciation and amortisation	5,6	(3,216,045)	(3,010,785)
(Loss)/profit on disposal of fixed assets		(26,303)	1,814
Deficit on ordinary activities before taxation		(3,232,348)	(2,998,971)
Taxation on ordinary activities	4	-	-
Deficit for the financial year after tax		(3,232,348)	(2,998,971)
Reversal of deferred tax on components of other comprehensive income	9,12	164,213	214,385
Total comprehensive income for the year	15	(3,068,135)	(2,784,586)

The notes on pages 9 to 18 form part of these financial statements

Club Acquisition Company Limited

Balance sheet
at 31 December 2015

	Notes		2015		2014
		£	£	£	£
Fixed assets					
Intangible assets	5		303,129		265,230
Tangible assets	6		74,475,612		74,814,395
Heritage assets	7		212,929		199,946
			74,991,670		75,279,571
Current assets					
Debtors: amounts receivable from group undertakings		83,199		83,199	
Cash at bank and in hand		-		-	
		83,199		83,199	
Creditors: amounts falling due within one year	8	(72,554,359)		(69,609,912)	
Net current liabilities			(72,471,160)		(69,526,713)
Total assets less current liabilities			2,520,510		5,752,858
Provision for other liabilities - deferred tax	9		(1,316,601)		(1,480,814)
Net assets			1,203,909		4,272,044
Capital and reserves					
Called up share capital	10		2		2
Revaluation reserve	12		13,324,220		13,406,007
Retained earnings	12		(12,120,313)		(9,133,965)
Total equity			1,203,909		4,272,044

The notes on pages 9 to 18 form part of these financial statements. The financial statements on pages 5 to 18 were authorised for issue by the board of directors on 17 May 2016 and were signed on its behalf by:

T Purves
Director

Club Acquisition Company Limited
Company Registration Number 0356 2033

Club Acquisition Company Limited

Statement of equity
at 31 December 2015

	Notes	Revaluation reserve £	Retained earnings £	Share capital £	Total equity £
Balance as at 1 January 2014	12	13,412,622	(6,355,994)	2	7,056,630
Deficit for the year		-	(2,998,971)	-	(2,998,971)
Deferred tax - reversal of timing differences	9,12	214,385	-	-	214,385
Transfer - depreciation in excess of historic cost	12	(221,000)	221,000	-	-
Total comprehensive income for the year		(6,615)	(2,777,971)	-	(2,784,586)
Balance at 31 December 2014	12	13,406,007	(9,133,965)	2	4,272,044
Balance at 1 January 2015		**13,406,007**	**(9,133,965)**	**2**	**4,272,044**
Deficit for the year		-	(3,232,348)	-	(3,232,348)
Deferred tax - reversal of timing differences	9,12	164,213	-	-	164,213
Transfer - depreciation in excess of historic cost	12	(246,000)	246,000	-	-
Total comprehensive income for the year		(81,787)	(2,986,348)	-	(3,068,135)
Balance at 31 December 2015		**13,324,220**	**(12,120,313)**	**2**	**1,203,909**

The notes on pages 9 to 18 form part of these financial statements.

Club Acquisition Company Limited

Statement of cash flows
for the year ended 31 December 2015

	Notes	2015 £	2014 £
Operating deficit for the financial year		(3,232,348)	(2,998,971)
Adjustments for:			
Depreciation and amortisation	5,6	3,216,045	3,010,785
Loss/(profit) on sale of fixed assets		26,303	(1,814)
Increase/(decrease) in creditors	6	2,944,447	3,633,015
Net cash flow from operating activities		2,954,447	3,643,015
Tax paid		-	-
Cash flow from operating activities		2,954,447	3,643,015
Cash flow from investing activities			
Purchase of tangible/heritage assets	6,7	(2,821,229)	(3,734,931)
Purchase of intangible assets	5	(134,453)	-
Proceeds from sale of tangible assets	6	1,235	91,916
Interest and other investment income received		-	-
Net cash used in investing activities		(2,954,447)	(3,643,015)
Cash flow from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The notes on pages 9 to 18 form part of these financial statements

1. Accounting policies

General information

The principal activity of Club Acquisition Company Limited ('the Company') is to own the freehold of the Country Club and Estate of the Royal Automobile Club at Woodcote Park, Epsom, Surrey, and the leasehold of 89-91 Pall Mall, London.

The Company is a private Company limited by shares and is incorporated in England. The address of its registered office is 89/91 Pall Mall, London SW1Y 5HS.

Statement of compliance

The financial statements of Club Acquisition Company Limited for the year ended 31 December 2015, have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The transition date from previously extant UK Generally Accepted Accounting Practice (UK GAAP) to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 15.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The Company's principal activity relates to the ownership of assets and as such has no employees or committed fixed cost requirements.

The most significant items included on the Company's balance sheet are fixed assets purchased for the use of the fellow subsidiary company, Pall Mall and Woodcote Park Clubhouses Limited ('PM&WP') and the corresponding intercompany liability to PM&WP in relation to these assets. Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The directors expect the Company may reach a net liability position in the near future as a result of the large balance owed to group companies. However, RAC Ltd and PM&WP have no intention to call upon the amounts owed by the Company and have provided written confirmations to the directors of the Company to this effect.

The group is in a healthy position at 31 December 2015 with cash balances of over £27m and net current assets of £4.5m. The directors therefore have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing its financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of returns, discounts, rebates and value added taxes. Revenues include management charges to the parent Company.

1. Accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets over their estimated useful life. Software has an estimated useful life of 3 to 5 years and amortisation is charged in the income statement. Intangible assets are reviewed on an annual basis for impairment.

Tangible assets

In accordance with the transitional exemption available under FRS 102, the Company has elected to measure tangible assets at the date of transition at fair value, and to use that fair value as its deemed cost at that date.

Tangible assets are accordingly stated at deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets concerned, as follows:

Long leasehold buildings	the lease period of 100 years
Freehold buildings	50 years
Clubhouse improvements	10 to 50 years
Fixtures, fittings, plant & equipment	3 to 15 years

Freehold land is not depreciated. Assets in the course of construction are stated at cost and are not depreciated until they are available for use.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated over its useful life.

The properties are held for use as Clubhouses by the parent Company and for administrative purposes. They provide the setting for the provision of services to the Club's members but do not generate their own independent cash flows and are therefore considered to be tangible fixed assets. They are not held to earn rental income or for the purposes of capital appreciation and have therefore not been classified as investment property.

Heritage Assets

Assets held for their historic and cultural significance are classified as heritage assets. Such assets would include items relating to the Company's motoring history including vintage cars, motorcycles, trophies, badges, artwork and other collectibles. Heritage assets are not depreciated. Such assets are fundamental to the core principal of the Company's existence and as such, will remain as assets of the Company to be displayed to the Club's members. The directors consider that any potential deferred tax liability is not material to the financial statements and is therefore not provided.

1. Accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset as compared to the carrying amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the income statement.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except changes attributable to income or expense in other comprehensive income or directly in equity, where they are so recognised. Current or deferred tax assets and liabilities are not discounted.

- Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

- Deferred tax

Deferred taxes arise from timing differences between taxable profits and total comprehensive income as stated in the financial statements. Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on material timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been exacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances, short term investments and receivables from subsidiary companies are recognised at the transaction price less any provision for non-recoverability.

Basic financial liabilities, including trade and other payables are recognised at the transaction price.

2. Accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the resulting accounting estimate will, by definition, seldom equal the related actual result.

The following are material judgements in applying the Company's accounting policies:

2. Accounting judgements and estimation uncertainty (continued)

The following are material judgements in applying the Company's accounting policies:

Elections on transition to FRS 102 (note 15)

The Company has elected to use the previous UK GAAP valuation of tangible assets as the deemed cost on transition to FRS 102. Items are therefore being depreciated from the date of transition (1 January 2014) in accordance with the Company's accounting policies. Deferred tax, not previously required under UK GAAP, was calculated on the revalued tangible assets as at the date of transition after allowing for indexation.

3. Employees and directors

The Company had no employees during the year.

Director's remuneration for the year was £nil (2014: £nil).

4. Taxation

There is no taxation liability arising on the results for the year (2014: £nil).

See note 9 for movements in the deferred tax liability included within other comprehensive income.

5. Intangible assets

	Software £
Cost	
At 1 January 2015	958,516
Additions	134,453
At 31 December 2015	1,092,969
Amortisation	
At 1 January 2015	693,286
Charge for year	96,554
At 31 December 2015	789,840
At 31 December 2015	303,129
At 31 December 2014	265,230

FRS 102 requires that all intangible assets are separately identified. Such assets include licences and software development of the membership website. Accordingly, the assets were transferred from tangible assets to intangible assets at transition. See note 15 for more detail.

6. Tangible assets

	Freehold land and buildings £	Long Leasehold land and buildings £	Plant, equipment, fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2015	21,310,440	56,421,917	9,987,871	87,720,228
Additions	1,392,272	405,934	1,010,040	2,808,246
Disposals	-	-	(63,849)	(63,849)
At 31 December 2015	22,702,712	56,827,851	10,934,062	90,464,625
Depreciation				
At 1 January 2015	2,278,570	5,436,433	5,190,830	12,905,833
Charge for year	644,630	1,553,198	921,663	3,119,491
Disposals	-	-	(36,311)	(36,311)
At 31 December 2015	2,923,200	6,989,631	6,076,182	15,989,013
Net book value				
At 31 December 2015	19,779,512	49,838,220	4,857,880	74,475,612
At 31 December 2014	19,031,870	50,985,484	4,797,041	74,814,395

The freehold estate at Woodcote Park was revalued by Edward Symmons & Partners, Chartered Surveyors, as at 31 May 2012 on the basis of existing-use value at £19.75m. The non-depreciable value of the land included in the valuation is £5.5m. Directors' estimates of market values, having taken professional advice, were updated for the Pall Mall clubhouse and contents, which were valued at £55m at 31 December 2013. Most other assets were valued in 2006 by third-party professional valuers at open market value.

In accordance with the transitional exemption available under FRS 102, the Company has elected to measure all tangible assets at the date of transition at their previous professional valuation, and to use that value as deemed cost from the date of transition.

Freehold land and buildings includes assets in the course of construction of £2.4m (2014: £1.6m).

On an historical cost basis, the net book value of fixed assets at 31 December 2015 would have been approximately £53.4m (2014: £53.7m), and the depreciation charge for the year would have been approximately £3.2m (2014: £3.1m).

7. Heritage assets

	Paintings and collectables £
Cost or valuation	
At 1 January 2015	199,946
Additions	12,983
At 31 December 2015	212,929

Founded in 1897, the rich historical and sociological significance of the Royal Automobile Club is reflected in its diverse heritage collections. It is the aim of the Company to ensure these collections form the foremost motoring resource in the UK.

A Heritage Manager joined a fellow subsidiary, Pall Mall and Woodcote Park Clubhouses Limited, in 2015 and is primarily responsible for all policy and procedure with regard to the collection. All acquisitions and disposals follow the standard museum collections procedures as per the United Kingdom Registrars Group and Museum Association Guidelines. In the event of a disaster such as fire or flood, the Company has an agreement with a specialist salvage company, who will treat items to stabilize them from further damage in mobile humidification units.

A market valuation was undertaken by Pullman Galleries in 2006. Most of the collection are considered to be niche market items and accordingly, values remain relatively stable. It is intended that once the collection is fully catalogued and listed on the library management system an updated valuation will be undertaken.

FRS 102 requires that all heritage assets are separately identified. Accordingly, the assets were transferred from tangible assets to heritage assets at transition. See note 15 for more detail.

8. Creditors: amounts falling due within one year

Amounts falling due within one year:	2015 £	2014 £
Creditors and accruals	30,090	23,023
Amounts owed to group undertakings	72,524,269	69,586,889
	72,554,359	69,609,912

Amounts due from and to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9. Provision for other liabilities - deferred tax

The provision for deferred tax consists of the following deferred tax liabilities/ (assets):

	2015	2014
	£	£
Provision at 1 January	1,480,814	1,695,199
Origination and reversal of timing differences	(164,213)	(214,385)
Provision at 31 December	1,316,601	1,480,814

See note 15 for further details.

The net deferred tax liability expected to reverse in 2016 is estimated to be £166k. This primarily relates to the reversal of timing differences on acquired tangible and intangible assets through the application of indexation allowances.

10. Called up share capital

	2015	2014
	£	£
Authorised		
2 Ordinary shares of £1 each	2	2
Allotted, issued, and fully paid		
2 Ordinary shares of £1 each	2	2

11. Financial instruments

The Company has the following financial instruments:

	Note	2015	2014
		£	£
Financial assets at fair value through the income statement		-	-
Financial assets that are debt instruments measured at amortised cost			
- Amounts receivable from group undertakings		83,199	83,199
Financial assets that are equity instruments measured at cost less impairment		-	-
Financial liabilities at fair value through the income statement		-	-
Financial liabilities measured at amortised cost			
- Accruals	8	30,090	23,023
- Amounts owed to group undertakings	8	72,524,269	69,586,889
		72,554,359	69,609,912

12. Reserves

Retained earnings	2015	2014
	£	£
At 1 January as previously stated		(9,746,994)
Transfer from revaluation reserve - historic depreciation (see below)		3,391,000
At 1 January - restated under previous UK GAAP	(9,133,965)	(6,355,994)
(Deficit) for the year after tax	(3,232,348)	(2,998,971)
Transfer from revaluation reserve - depreciation	246,000	221,000
At 31 December	(12,120,313)	(9,133,965)

Revaluation Reserve	2015	2014
	£	£
At 1 January as previously stated		18,498,821
Transfer from revaluation reserve - historic depreciation		(3,391,000)
At 1 January - restated under previous UK GAAP		15,107,821
Restatement for transition to FRS 102 (see note 15)		(1,695,199)
At 1 January - restated	13,406,007	13,412,622
Reversal of deferred tax timing differences	164,213	214,385
Transfer to retained earnings - depreciation	(246,000)	(221,000)
At 31 December	13,324,220	13,406,007

Under previous UK GAAP and FRS 102, there exists an option to transfer the entire gain relating to a revalued asset from the revaluation reserve to retained earnings either when the asset is retired from use or disposed of or gradually as the asset is used by the Company. The amount transferred is the difference between the depreciation based on the asset's revalued carrying amount and depreciation based on the asset's original cost. It was considered by the directors that this policy should be adopted and is therefore a change to accounting policy.

As such, the 2014 comparatives are restated to reflect full retrospective adoption of this policy and an amount of £3.6m is transferred from the revaluation reserve to retained earnings in respect of prior years.

13. Ultimate parent Company and related party transactions

The ultimate parent Company is The Royal Automobile Club Limited which is registered in England. The Royal Automobile Club Limited prepares consolidated financial statements which can be obtained from the Company Secretary at 89 Pall Mall, London SW1Y 5HS.

There are no related party transactions other than those with group undertakings. The company is exempt from disclosing these related party transactions as they are with companies that are wholly owned within the group. Auditors' remuneration for audit and non-audit services has been settled by the fellow subsidiary, Pall Mall and Woodcote Park Clubhouses Limited.

14. Investments

The Company holds shares in its subsidiary Company, The Royal Automobile Club of Great Britain Limited. That Company is dormant and full provision has been made against the cost of investment of £7. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

15. Transition to FRS 102

This is the first year that the Company has presented its results under Financial Reporting Standard 102 (FRS 102). The following disclosures are required in the year of transition. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. The reconciliations below detail the changes in accounting policies and the effect for the financial year ended 31 December 2014 between UK GAAP as previously reported and FRS 102.

Deferred tax

Under the previous UK GAAP the Company was not required to provide for deferred taxation on tangible assets, unless the Company had entered into a binding sale agreement and had recognised the gain or loss expected to arise. Under FRS 102, deferred taxation must be now be provided on revalued assets, even where there is no intention to dispose of an asset. An indexation allowance is set against this tax provision to provide for the effect of inflation.

A deferred tax charge of £1.7m arose on transition to FRS 102. In the year ended 31 December 2014, the net effect of indexation allowances, reported in other comprehensive income (as restated below), reduced the overall deferred tax provision by £214k to £1.5m.

Other comprehensive income/(expenditure)	**2014** **£**
Total recognised losses as previously reported under UK GAAP	(2,998,971)
Deferred tax - origination and reversal of timing differences	214,385
Total comprehensive expenditure under FRS 102	(2,784,586)

Total equity	**1 January 2014** **£**	**31 December 2014** **£**
Total equity as previously reported	8,751,829	5,752,858
Revaluation reserve		
Deferred tax impact:		
- on fixed assets	(1,695,199)	(1,695,199)
- movement relating to indexation allowance	-	214,385
	(1,695,199)	(1,480,814)
Total equity under FRS 102	7,056,630	4,272,044

15. Transition to FRS 102 (continued)

Other adjustments affecting presentation:

Tangible fixed assets

As required by FRS 102, computer licences and software have been transferred to intangible assets. This has no effect on the Company's net assets nor deficit for the year except that the previous depreciation charge is now described as amortisation. It is also required that Heritage assets are separately identified and additional disclosures provided. The movement in tangible asset net book value is detailed below.

Tangible fixed assets	Note	**2014** **£'000**
Tangible fixed assets net book value as previously reported under UK GAAP		75,279,571
Transfer to Intangible assets		
Cost	5	(958,516)
Depreciation	5	693,286
Transfer to Heritage assets		
Cost or valuation	7	(199,946)
Tangible fixed assets net book value under FRS 102	6	74,814,395