

Financial Statements MSV Group Limited

For the Year Ended 31 December 2015

THURSDAY



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COMPANIES HOUSE

Company information

Company registration number	04975889
Registered office	MotorSport Vision Centre Brands Hatch Fawkham Longfield Kent DA3 8NG
Directors	Dr J C Palmer Sir P J Ogden
Secretary	P G Hopkins
Banker	Allied Irish Bank 202 Finchley Road London NW3 6BX
Auditor	Grant Thornton UK LLP Chartered Accountants The Explorer Building Fleming Way Manor Royal Crawley West Sussex RH10 9GT

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Strategic Report

Business review

The directors are satisfied with the performance of the group in 2015. The financial performance for the year can be summarised by the following key performance indicators which the directors have found useful in monitoring the group's progress:

	2015 £'000	2014 £'000
Turnover	40,433	37,925
Earnings before interest, tax, impairment, depreciation and amortisation	2,575	4,163
Cash at bank and in hand	894	984
Head count	585	609

The group continues to carry out its core activities in 2016 and look for further ways to develop the business.

Financial risk management objectives and policies

The group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

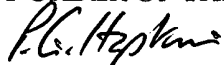
Interest rate risk

The group finances its operations through a mixture of retained profits and bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating rate facilities.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. The group policy throughout the year has been to ensure continuity of funding by using variable rate debt from the company's bankers. Due to the nature of the group's business, customers pay in advance of events so the company remains cash positive. Debt is structured so repayments can be made out of cash generated through operations.

BY ORDER OF THE BOARD



P G Hopkins

Secretary

27 September 2016

Report of the Directors

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

Principal activities

The principal activity of the group during the year was the operation of motor racing circuits and related ancillary activities. The company is the holding company for the group and also owns a freehold property which it leases to another group entity.

Directors

The directors who served the company were as follows.

Dr J C Palmer
Sir P J Ogden

Results and dividends

There was a profit for the year after taxation amounting to £658,000 (2014: £1,818,000). The directors have recommended and paid £300,000 dividends in the year (2014: £nil).

Post balance sheet events

The Group's subsidiary, JPM, sold an airplane for £1.9 million in March 2016 and was replaced in April 2016 at a cost of £3.4 million. On 15 March 2016 the company reduced its shareholders' funds by cancelling and returning £5 million of the share premium account to members.

Directors' responsibilities statement

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors (continued)

Directors' responsibilities statement (continued)

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

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485(4) of the Companies Act 2006.

BY ORDER OF THE BOARD



P G Hopkins
Secretary
27 September 2016

Independent auditor's report to the members of MSV Group Limited

We have audited the financial statements of MSV Group Limited for the year ended 31 December 2015 which comprise the principal accounting policies, the Consolidated statement of comprehensive income, the Consolidated and company balance sheets, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company statement of changes in equity and the related notes. 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on pages 4 to 5, the director is 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of the group's profit 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of MSV Group Limited (continued)

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 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.

Grant Thornton UK LLP

Christian Heeger
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick
27 September 2016

Principal accounting policies

Company information

MSV Group Limited is a limited liability company incorporated in England and Wales. The registered office address is MotorSport Vision Centre, Brands Hatch, Fawkham, Longfield, Kent, DA3 8NG.

The principal activity of the group during the year was the operation of motor racing circuits and related ancillary activities. The company is the holding company for the group and also owns a freehold property which it leases to another group entity.

Basis of accounting

These 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 Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 25 for an explanation of the transition.

The financial statements are presented in Sterling (£).

Going concern

A summary of the group's performance is set out in the Business Review section of the Strategic Report on page 3. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The group has when necessary met its day to day working capital requirements through an overdraft facility. The current economic conditions create uncertainty, particularly over the level of demand for the group's services.

The group's forecasts and projections, which allow for reasonable fluctuations in trading performance, show that the group should be able to operate within the level of its current facility.

The group operates centralised treasury and banking arrangements and the various companies within it benefit from the support of each other. The directors have assessed those arrangements and the availability of funds within the group.

On the basis of that assessment the directors consider that the group will be able to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal accounting policies (continued)

Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 December 2015. Subsidiaries are dealt with by the acquisition method of accounting.

The individual accounts of MSV Group Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. Turnover is recognised once the customer has completed the relevant event.

Sponsorship income is recognised over the period that the sponsorship is earned.

Rent receivable under operating leases is recognised as income on a straight line basis over the period of the lease and is shown as other operating income.

Pension

The Group operated a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Principal accounting policies (continued)

Fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Freehold buildings	-	50 years straight line
Tracks (in freehold buildings)	-	15 years straight line
Plant & machinery	-	10 years straight line
Fixtures & fittings(in plant & machinery)	-	3-10 years straight line
Helicopter	-	25 years straight line
Aeroplane	-	20 years straight line
Motor vehicles	-	5 years straight line

No depreciation is provided on freehold land.

Investment properties

Investment properties are initially recognised at cost, and then revalued to fair value at each reporting date. Gains and losses are credited or charged to the consolidated statement of comprehensive income. No depreciation is provided on investment properties.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Stocks

Stock are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell. Stocks consist of motor vehicle parts and catering items.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24-hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Principal accounting policies (continued)

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Operating lease agreements

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Principal accounting policies (continued)

Financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Statement of comprehensive income. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

- Useful economic life of tangible assets

Consolidated statement of comprehensive income

	Note	2015 £'000	2014 £'000
Turnover	1	40,433	37,925
Cost of sales		(20,234)	(18,552)
Gross profit		20,199	19,373
Administrative expenses		(19,749)	(17,302)
Other operating income		573	531
Operating profit		1,023	2,602
Interest payable and similar charges	3	(126)	(158)
Profit on ordinary activities before taxation	1	897	2,444
Tax on profit on ordinary activities	4	(239)	(626)
Profit and total comprehensive income for the financial year		658	1,818

The company has no recognised other comprehensive income.

Consolidated and company balance sheets

	Note	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Fixed assets					
Tangible assets	6	29,525	29,509	7,839	7,620
Investments	7	-	-	9,001	9,000
		<u>29,525</u>	<u>29,509</u>	<u>16,840</u>	<u>16,620</u>
Current assets					
Stocks	8	1,108	1,058	-	-
Debtors	9	4,462	1,719	2,795	8,134
Cash at bank and in hand		894	984	28	12
		<u>6,464</u>	<u>3,761</u>	<u>2,823</u>	<u>8,146</u>
Creditors: amounts falling due within one year	10	(10,329)	(7,672)	(342)	(5,978)
Net current (liabilities)/assets		<u>(3,865)</u>	<u>(3,911)</u>	<u>2,481</u>	<u>2,168</u>
Total assets less current liabilities		<u>25,660</u>	<u>25,598</u>	<u>19,321</u>	<u>18,788</u>
Creditors: amounts falling due after more than one year	11	(302)	(615)	-	-
Provision for liabilities					
Deferred taxation	14	(522)	(505)	-	-
		<u>24,836</u>	<u>24,478</u>	<u>19,321</u>	<u>18,788</u>
Capital and reserves					
Called up share capital	15	13	13	13	13
Share premium account	16	14,084	14,084	14,084	14,084
Capital redemption reserve	16	3	3	3	3
Profit and loss account	16	10,736	10,378	5,221	4,688
Shareholders' funds		<u>24,836</u>	<u>24,478</u>	<u>19,321</u>	<u>18,788</u>

Company registration number 04975889

These financial statements were approved by the directors on 27 September 2016 and are signed on their behalf by:

Dr J C Palmer
Director

The accompanying accounting policies and notes form part of these financial statements.

Consolidated statement of cash flows

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit for the financial year		658	1,818
Adjustments for:			
Interest payable and similar charges		126	158
Taxation		239	626
Depreciation and impairments		1,537	1,546
(Increase)/decrease in stock		(50)	46
(Increase)/decrease in debtors		(2,743)	261
Increase in creditors		341	-
Income taxes paid		(418)	(693)
Net cash generated from operating activities		(310)	3,762
Cash flows from financing activities			
Interest paid	3	(126)	(158)
Receipt from borrowings		1,271	-
Repayments of borrowings		(658)	(2,877)
		487	(3,035)
Cash flows from investing activities			
Equity dividends paid		(300)	-
Purchase of tangible fixed assets	6	(1,553)	(731)
		(1,853)	(731)
Decrease in cash		(1,676)	(4)
Cash at the beginning of year		984	988
Cash at end of year		(692)	984

Consolidated and company statements of changes in equity

	Called-up share capital £ '000	Share premium account £ '000	Capital redemption reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2014	13	14,084	3	8,560	22,660
Profit and total comprehensive income for the year	-	-	-	1,818	1,818
At 31 December 2014	13	14,084	3	10,378	24,478
Profit and total comprehensive income for the year	-	-	-	658	658
Dividends paid	-	-	-	(300)	(300)
At 31 December 2015	13	14,084	3	10,736	24,836

Company statement of changes in equity

	Called-up share capital £ '000	Share premium account £ '000	Capital redemption reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 January 2014	13	14,084	3	3,973	18,073
Profit and total comprehensive income for the year	-	-	-	715	715
At 31 December 2014	13	14,084	3	4,688	18,788
Profit and total comprehensive income for the year	-	-	-	833	833
Dividends paid	-	-	-	(300)	(300)
At 31 December 2015	13	14,084	3	5,221	19,321

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to the principal activity of the group as set out in the report of the directors and arose wholly in the United Kingdom.

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 £'000	2014 £'000
Operating lease rentals		
- land and buildings	23	26
- machinery	34	22
Depreciation of owned tangible fixed assets	1,552	1,561
Changes in fair value of derivatives	17	38
Auditors' remuneration		
- audit services	45	40
-non-audit services - tax compliance	9	9
	<u> </u>	<u> </u>

2 Directors and employees

The average number of staff employed by the group during the financial year was 585 (2014: 609).

	2015 Number	2014 Number
Operational	80	79
Sales and administration	95	98
Casual	410	432
	<u>585</u>	<u>609</u>

The aggregate payroll costs of the above were:

	2015 £'000	2014 £'000
Wages and salaries	9,179	8,935
Social security costs	761	778
Other pension costs	61	57
	<u>10,001</u>	<u>9,770</u>

Remuneration in respect of the directors was as follows:

	2015 £'000	2014 £'000
Emoluments – highest paid director	<u>487</u>	<u>96</u>

Notes to the financial statements (continued)

3 Interest payable and similar charges

	2015 £'000	2014 £'000
Bank loans, overdrafts and other loans	<u>126</u>	<u>158</u>

4 Tax on profit on ordinary activities

Analysis of charge in the year

	2015 £'000	2014 £'000
Current tax:		
In respect of the year:		
UK corporation tax	227	578
Adjustments in respect of prior periods (current)	(5)	(26)
Total current tax	<u>222</u>	<u>552</u>
Deferred tax:		
Origination and reversal of timing differences	67	28
Effect of tax rate change on opening balance	(50)	46
Total deferred tax charge	<u>17</u>	<u>74</u>
Tax on profit on ordinary activities	<u>239</u>	<u>626</u>

Factors affecting current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>897</u>	<u>2,444</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	182	525
Effect of:		
Expenses not deductible for tax purposes	177	158
Income not taxable for tax purposes	(39)	(38)
Other tax adjustments, reliefs and transfers	(17)	3
Adjustments in respect of prior periods	(5)	(26)
Adjustment in respect of prior periods - deferred tax	-	46
Tax Credits	-	(1)
Adjust closing deferred tax to average rate of 20.25%	(65)	-
Adjust opening deferred tax to average rate of 20.25%	6	-
Movement in unrecognised deferred tax	-	(41)
Tax charge for the period	<u>239</u>	<u>626</u>

Notes to the financial statements (continued)

5 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £833,000 (2014: £715,000).

6 Tangible fixed assets

Group	Investment property £'000	Freehold Land and Buildings £'000	Plant & Machinery £'000	Aeroplane and Helicopter £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 January 2015	1,712	28,115	5,598	5,053	8,703	49,181
Additions	-	399	86	69	999	1,553
Disposals	-	-	-	-	(67)	(67)
Revaluation	15	-	-	-	-	15
At 31 December 2015	<u>1,727</u>	<u>28,514</u>	<u>5,684</u>	<u>5,122</u>	<u>9,635</u>	<u>50,682</u>
Depreciation						
At 1 January 2015	-	6,479	4,358	874	7,961	19,672
Charge for the year	-	592	256	230	474	1,552
Disposals	-	-	-	-	(67)	(67)
At 31 December 2015	<u>-</u>	<u>7,071</u>	<u>4,614</u>	<u>1,104</u>	<u>8,368</u>	<u>21,157</u>
Net book value at 31 December 2015	<u>1,727</u>	<u>21,443</u>	<u>1,070</u>	<u>4,018</u>	<u>1,267</u>	<u>29,525</u>
at 31 December 2014	<u>1,712</u>	<u>21,636</u>	<u>1,240</u>	<u>4,179</u>	<u>742</u>	<u>29,509</u>

Included within freehold property is land of £12,477,000 (2014: £12,477,000) which is not depreciated.

Company	Investment property £'000
Valuation	
At 1 January 2015	7,620
Fair value adjustment	219
At 31 December 2015	<u>7,839</u>

Certain freehold property has been classified as investment property, it is held at valuation and is not depreciated. The value of the property at 31 December 2014 and 31 December 2015 has been extrapolated by the directors from an external valuation of the property in May 2016 and on an assumption of straight-line annual movement in value. The external valuation was carried out in accordance with the "RICS Valuation – Professional Standards January 2014" and was primarily based on the market comparable approach which reflects recent market transactions on arm's length terms for comparable properties.

Notes to the financial statements (continued)

7 Investments

Company	£'000
Shares in subsidiary undertakings:	
At 1 January 2015	9,000
Additions	1
At 31 December 2015	<u>9,001</u>

The investments represent the cost of the share capital of the company's wholly owned subsidiary undertakings, which are all incorporated in England and Wales as follows:

Subsidiary	Principal activity	Class of shares
Motorsport Vision Ltd	Operation of motor racing circuits and related ancillary activities	£1 ordinary
JPM Ltd	Provision of corporate track events and related ancillary activities	£1 ordinary
Motorsport Vision Racing Ltd	Organisation of racing events	£1 ordinary
Motorsport Vision Racing Club Ltd	Organisation of racing events	Limited by guarantee
MSV Investar Ltd	Investment in and sponsorship of new up and coming racing drivers	£1 ordinary
Formula Two Ltd	Operation of racing series - dormant	£1 ordinary
National Motor Racing Archive	Preservation of motor racing history – dormant	Limited by guarantee
MSV France	Operation of motor racing circuits – non-trading	Ordinary

Parental guarantees to subsidiary undertakings

For the year ended 31 December 2015 MSV Group Limited has provided a guarantee in respect of all liabilities due by the following subsidiary companies: Motorsport Vision Racing Limited (Company No 05744532), Motorsport Vision Racing Club Limited (Company No 06574249) and MSV Investar Limited (Company No 04879606), thus entitling them to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

8 Stocks

Group	2015 £'000	2014 £'000
Consumables	<u>1,108</u>	<u>1,058</u>

Stock recognised in cost of sales during the year as an expense was £3,235,000 (2014: £3,266,000).

Notes to the financial statements (continued)

9 Debtors

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Trade debtors	810	415	21	5
Amounts due from subsidiary undertakings	-	-	2,774	8,129
Prepayments and accrued income	2,976	764	-	-
VAT recoverable	159	326	-	-
Related party debtors (note 24)	517	214	-	-
	<u>4,462</u>	<u>1,719</u>	<u>2,795</u>	<u>8,134</u>

Interest is charged on group financing loans, being a variable interest rate charged at 2.4% over LIBOR.

10 Creditors: amounts falling due within one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Bank overdraft and loans	3,886	2,590	-	290
Director's loan	-	68	-	-
Trade creditors	1,291	1,524	-	-
Amounts owed to group undertakings	-	-	281	5,610
Corporation tax	88	284	8	10
Social security and other taxes	398	480	-	-
Other creditors	599	609	53	68
Accruals and deferred income	2,796	2,115	-	-
Related party creditors (note 24)	1,271	2	-	-
	<u>10,329</u>	<u>7,672</u>	<u>342</u>	<u>5,978</u>

Interest is charged on group financing loans, being a variable interest rate charged at 2.4% over LIBOR.

11 Creditors: amounts falling due after more than one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Other creditors	2	15	-	-
Bank loans	300	600	-	-
	<u>302</u>	<u>615</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

12 Borrowings

Borrowings are repayable as follows:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Within one year:				
Bank loans and overdraft	3,886	2,590	-	290
Director's loan	1,271	68	-	-
After one and within two years:				
Bank loans	300	300	-	-
After two years and within five years				
Bank loan	-	300	-	-
	<u>5,457</u>	<u>3,258</u>	<u>-</u>	<u>290</u>

The bank loans are repayable in installments. Interest on loans with variable interest rates is charged at 2.4% over LIBOR. All bank loans are secured by fixed legal charges over the group's freehold property. One bank loan is secured by a chattel mortgage over a fixed asset. All group undertakings have entered into cross guarantees in respect of these borrowings.

13 Provisions for liabilities

	Deferred taxation (note 14) £'000
At 1 January 2015	505
Origination and reversal of timing differences	38
Changes in tax rates	(21)
At 31 December 2015	<u>522</u>

Notes to the financial statements (continued)

14 Deferred taxation

Deferred taxation provided for in the financial statements is set out below:

	Group 2015 £'000	Group 2014 £'000
Accelerated capital allowances	523	509
Short term timing differences	(1)	(4)
	<u>522</u>	<u>505</u>
At 1 January	505	431
Charge to profit and loss account for the year	17	74
At 31 December	<u>522</u>	<u>505</u>

15 Share capital

	2015 £'000	2014 £'000
Authorised share capital: 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 12,600 ordinary shares of £1 each	<u>13</u>	<u>13</u>

16 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve – a non-distributable reserve which represented amounts transferred following the redemption or purchase of the company's own shares

Profit and loss account – includes all current and prior period retained profits and losses.

Notes to the financial statements (continued)

17 Operating lease commitments

At 31 December 2015 the group had annual commitments under non-cancellable operating leases as set out below:

	Land & buildings	
	2015	2014
	£'000	£'000
Within one year	<u>23</u>	<u>23</u>

18 Pension commitments

The Group operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The unpaid contributions outstanding at the year end, included in accruals and deferred income (note 10) are £12,000 (2014: £18,000).

19 Contingent liabilities

All group undertakings have entered into a cross company guarantee in respect of the group's bank borrowings. At 31 December 2015 these amounted to £4,186,000 (2014: £3,190,000).

20 Dividends

	2015	2014
	£'000	£'000
Paid during the year on ordinary shares	<u>300</u>	<u>-</u>

21 Financial assets and liabilities

Group	2015	2014
	£'000	£'000
Financial assets measured at amortised cost	<u>1,327</u>	<u>629</u>
Financial liabilities measured at fair value through profit or loss	<u>-</u>	<u>(17)</u>
Financial liabilities measured at amortised cost	<u>7,349</u>	<u>5,340</u>

The foreign currency forward contracts and interest rate swap contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract.

Notes to the financial statements (continued)

22 Financial risk management

The group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The group finances its operations through a mixture of retained profits and bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating rate facilities.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. The group policy throughout the year has been to ensure continuity of funding by using variable rate debt from the company's bankers. Due to the nature of the group's business, customers pay in advance of events so the company remains cash positive. Debt is structured so repayments can be made out of cash generated through operations.

23 Control

Dr J C Palmer controls the company by virtue of his 75% shareholding in its ordinary share capital.

24 Related party transactions

MSV Group Limited has taken advantage of the exemption in Financial Reporting Standard 102 not to disclose transactions between it and its subsidiary undertakings, all of which are 100% owned

At 31 December 2015, an amount of £517,000 (2014: £195,000) was due from Dr J C Palmer. This was the maximum amount due during the year and is interest free.

At 31 December 2015, an amount of £1,271,000 was due to (2014: £20,000 due from) Sir Peter Ogden. This was the maximum amount due during the year and is interest free.

Notes to the financial statements (continued)

25 Transition to FRS 102

The company has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

Explanations

1. Foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously foreign exchange contracts were not recognised in the statement of financial position.
2. Interest rate swap contracts are now recognised at fair value at the end of the year with changes in fair value recognised in profit or loss. Previously interest rate swap contracts were not recognised in the statement of financial position.
3. The exemption from treating property as investment property if being let from one group company to another is no longer available, and therefore the property held within MSV Group Limited is treated as investment property and is valued at fair value at each reporting date.
4. The standard now requires interest or discounting to be applied to inter group financing balances

Transition to FRS 102 – reconciliations

Restated consolidated statement of financial position	Explanations	31 December 2014 £'000	1 January 2014 £'000
Original shareholders' funds		24,353	22,598
Fair value of forward exchange contracts	1	(11)	-
Fair value of interest rate swaps	2	(6)	(56)
Investment property revaluation	3	142	118
Restated shareholders' funds		<u>24,478</u>	<u>22,660</u>

Restated company statement of financial position	Explanations	31 December 2014 £'000	1 January 2014 £'000
Original shareholders' funds		17,383	16,874
Fair value of interest rate swaps	2	(7)	(23)
Investment property revaluation	3	1,479	1,222
Inter group loan interest charge	4	(67)	-
Restated shareholders' funds		<u>18,788</u>	<u>18,073</u>

Notes to the financial statements (continued)

Transition to FRS 102 (continued)

Restated consolidated statement of comprehensive income for the year ended 31 December 2014	Explanations	£'000
Original profit on ordinary activities before tax		2,382
Fair value of forward exchange contracts	1	(11)
Fair value of interest rate swaps	2	49
Investment property revaluation	3	24
Restated profit before tax for the financial year		<u>2,444</u>

26 Post balance sheet events

The Group's subsidiary, JPM, sold an airplane for £1.9 million in March 2016 and was replaced in April 2016 at a cost of £3.4 million. On 15 March 2016 the company reduced its shareholders' funds by cancelling and returning £5 million of the share premium account to members.