Financial Statements
MSV Group Limited

For the Year Ended 31 December 2016

Company registration number 04975889

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 2nd Floor, St John's House 29-35 High Street Crawley West Sussex RH10 1BQ

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Strategic Report

Business review

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:

	2016	2015
	£'000	£'000
Turnover	**41,835**	40,433
(Loss)/ Earnings before interest, tax, impairment, depreciation and amortisation	**(1,139)**	2,575
Cash at bank and in hand	**2,551**	894
Head count	**602**	585

Whilst the group incurred an overall loss for 2016, the underlying performance of the group's core trading subsidiaries remained strong with a 20% growth in earnings before interest, tax and depreciation compared to 2015.

The transformation from earnings to loss in 2016 was entirely due to exceptional investment activity within the group's driver investment business which is not expected to be repeated in the coming year. The directors are therefore satisfied with the performance of the group and are confident that there will be a return to strong overall earnings in 2017.

The group continues to carry out and strengthen its core activities in 2017 and to that end the directors are pleased to report that agreement was reached on 12 January 2017 to run and operate the Donington Park circuit business.

The transaction required regulatory approval by the Competition and Markets Authority, which the directors are further pleased to report was unconditionally received on 11 August 2017. The group, through its Motorsport Vision subsidiary, will lease the Donington Park Estate for an initial 21 year term.

Following the acquisition of a former military airbase in north-east France in 2015 by the group's subsidiary MSV France, efforts continue to progress its development into what will be the new Laon Autodrome motorsport complex. The French circuit is targeted to be operational within 2 years.

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.

Strategic Report (continued)

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.

Economic risk

The group is aware how changes in the economic conditions can have a significant impact on the business. In order to manage and mitigate this risk, the group's strategy is to diversify its motorsport activities and to be ready to respond quickly and appropriately to changes in the economic climate.

Litigation risk

Operating in the motorsport industry presents a number of challenges. Failure to meet those challenges can be costly both financially and in terms of impact on people and the environment. Environmental and health and safety issues can result in substantial and protracted litigation. To successfully manage and mitigate those risks, the group seeks to ensure that it remains up to date and fully aware of its responsibilities and obligations, and where necessary employs appropriately qualified professionals to provide expert help and guidance.

BY ORDER OF THE BOARD

P G Hopkins
Secretary
26 September 2017

Directors' Report

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

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 loss for the year after taxation amounting to £2,594,000 (2015 profit: £658,000). The directors have not recommended the payment of a dividend in the year (2015: £300,000).

Post balance sheet events

Motorsport Vision Limited, a subsidiary of the MSV Group, reached agreement to run and operate the Donington Park circuit business on 12 January 2017 and will lease the Donington Park Estate for an initial 21 year term. Unconditional regulatory approval for the transaction was received from the Competition and Markets Authority on 11 August 2017.

Going concern

The group's forecasts for the year ending 31 December 2018 show that the group should be able to operate within the level of its current facilities and within its financial covenants. Those facilities include an overdraft and loans subject to both fixed and variable interest rates. Variable interest rates are charged at 2.4% over LIBOR and fixed interest rates are charged at 3.33% through an interest rate swap. Security provided includes fixed legal charges over the group's freehold property and chattel mortgages over certain fixed assets. Loans are repayable in instalments and all borrowings are subject to cross guarantees provided by all group undertakings.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.

Directors' Report (continued)

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.

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.

Matters covered in the strategic report

Information relating to business activities, likely future developments in the business, its financial position and its exposure to risks have been disclosed within the Group Strategic Report in accordance with S414c(ii) of the Companies Act 2006.

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.

Directors' Report (continued)

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
P G Hopkins
Secretary
26 September 2017

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 2016, which comprise 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 Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of rhe 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matter on which we are required to report under the Companies Act 2006

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.

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 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

Jonathan Maile BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Crawley
26 September 2017

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.

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 for the year ending 31 December 2018, which allow for reasonable fluctuations in trading performance, show that the group should be able to operate within the level of its current facility and within its financial covenants.

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 2016. Subsidiaries are dealt with by the acquisition method of accounting.

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.

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. Event turnover is recognised once the customer has attended the relevant event. The sale of motor parts is recognized when the goods have been delivered. Catering sales are recognized at the point the sale is made.

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.

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.

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.

Principal accounting policies (continued)

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 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

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 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 (note 6 and page 12)
- Valuation of investment property (note 7)
- Valuation of deferred tax asset on losses carried forward (note 15)

Consolidated statement of comprehensive income

	Note	2016 £'000	2015 £'000
Turnover	1	**41,835**	40,433
Cost of sales		**(19,803)**	(20,234)
Gross profit		22,032	20,199
Administrative expenses		**(25,136)**	(19,749)
Other operating income		**523**	573
Operating (loss) / profit		**(2,581)**	1,023
Interest receivable		**4**	-
Interest payable and similar charges	3	**(399)**	(126)
(Loss) / Profit on ordinary activities before taxation	1	**(2,976)**	897
Tax on profit on ordinary activities	4	**382**	(239)
(Loss) / Profit and total comprehensive income for the financial year		**(2,594)**	658

The company has no other comprehensive income.

Consolidated and company balance sheets

	Note	**Group 2016 £'000**	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Fixed assets					
Tangible assets	6	**28,427**	27,798	**-**	-
Investment property	7	**1,742**	1,727	**8,057**	7,839
Investments	8	**275**	-	**9,276**	9,001
		30,444	29,525	**17,333**	16,840
Current assets					
Stocks	9	**1,020**	1,108	**-**	-
Debtors	10	**3,385**	4,462	**3,247**	2,795
Cash at bank and in hand		**2,551**	894	**141**	28
		6,956	6,464	**3,388**	2,823
Creditors: amounts falling due within one year	11	**(11,756)**	(10,329)	**(5,536)**	(342)
Net current (liabilities)/assets		**(4,800)**	(3,865)	**(2,148)**	2,481
Total assets less current liabilities		**25,644**	25,660	**15,185**	19,321
Creditors: amounts falling due after more than one year	12	**(8,275)**	(302)	**(275)**	-
Provision for liabilities					
Deferred taxation	15	**(127)**	(522)	**-**	-
		17,242	24,836	**14,910**	19,321
Capital and reserves					
Called up share capital	16	**13**	13	**13**	13
Share premium account	17	**9,084**	14,084	**9,084**	14,084
Capital redemption reserve	17	**3**	3	**3**	3
Profit and loss account	17	**8,142**	10,736	**5,810**	5,221
Shareholders' funds		**17,242**	24,836	**14,910**	19,321

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The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the period was £589,000 (2015: £833,000).

These financial statements were approved by the directors on 26 September 2017 and are signed on their behalf by:

Dr J C Palmer
Director

Consolidated statement of cash flows

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Profit/ (loss) for the financial year		**(2,594)**	658
Adjustments for:			
Interest payable and similar charges		**399**	126
Interest receivable		**(4)**	-
Taxation		**(382)**	239
Depreciation and impairments		**1,442**	1,552
Property revaluation gain		**(15)**	(15)
(Profit)/loss on disposal of fixed assets		**14**	-
Decrease/(Increase) in stock		**88**	(50)
Decrease/(Increase) in debtors		**1,077**	(2,743)
Increase in creditors		**311**	341
Income taxes paid		**(66)**	(418)
Net cash generated from operating activities		**270**	(310)
Cash flows from financing activities			
Interest paid	3	**(399)**	(126)
Receipt from borrowings		**15,275**	1,271
Repayments of borrowings		**(5,164)**	(658)
Cancellation and distribution of share premium		**(5,000)**	-
		4,712	487
Cash flows from investing activities			
Interest received		**4**	-
Equity dividends paid		**-**	(300)
Purchase of tangible fixed assets	6	**(3,960)**	(1,553)
Sale of tangible fixed assets		**1,875**	-
Investment in Associate		**(275)**	-
		(2,356)	(1,853)
Increase/ (Decrease) in cash and cash equivalents		**2,626**	(1,676)
Cash and cash equivalents at the beginning of year		**(692)**	984
Cash and cash equivalents at the end of year		**1,934**	(692)
Cash		**2,551**	894
Bank overdraft		**(617)**	(1,586)
Cash and cash equivalents		**1,934**	(692)

Consolidated statement of changes in equity

	Called-up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
At 1 January 2015	13	14,084	3	10,378	24,478
Comprehensive income for the year					
Profit and total comprehensive income for the year	-	-	-	658	658
Transactions with owners					
Dividends paid	-	-	-	(300)	(300)
At 31 December 2015	13	14,084	3	10,736	24,836
Comprehensive income for the year					
Loss and total comprehensive income for the year	-	-	-	(2,594)	(2,594)
Transactions with owners					
Cancellation of share premium	-	(5,000)	-	-	(5,000)
At 31 December 2016	**13**	**9,084**	**3**	**8,142**	17,242

Company statement of changes in equity

	Called-up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
At 1 January 2015	13	14,084	3	4,688	18,788
Comprehensive income for the year					
Profit and total comprehensive income for the year	-	-	-	833	833
Transactions with owners					
Dividends paid				(300)	(300)
At 31 December 2015	13	14,084	3	5,221	19,321
Comprehensive income for the year					
Profit and total comprehensive income for the year	-	-	-	589	589
Transactions with owners					
Cancellation of share premium	-	(5,000)	-	-	(5,000)
At 31 December 2016	**13**	**9,084**	**3**	**5,810**	**14,910**

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

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. Turnover analysed by category was as follows:

	2016	2015
	£'000	£'000
Rendering of services	**36,500**	34,516
Sale of goods supplied	**5,335**	5,917

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

	2016	2015
	£'000	£'000
Operating lease rentals		
- land and buildings	**26**	23
- machinery	**162**	34
Depreciation of owned tangible fixed assets	**1,442**	1,552
Loss on disposal of tangible fixed assets	**14**	-
Property revaluation gain	**(15)**	(15)
Changes in fair value of derivatives	**87**	17
Auditors' remuneration		
- audit services	**47**	45
-non-audit services - tax compliance	**17**	13

2 Directors and employees

The average number of staff employed by the group during the financial year was 602 (2015: 585).

	2016	2015
	Number	Number
Operational	**79**	80
Sales and administration	**102**	95
Casual	**421**	410
	602	585

The aggregate payroll costs of the above were:

	2016	2015
	£'000	£'000
Wages and salaries	**9,533**	9,585
Social security costs	**789**	794
Other pension costs	**65**	61
	10,387	10,440

Remuneration in respect of the directors was as follows:

	2016	2015
	£'000	£'000
Emoluments – highest paid director	**203**	505

Notes to the financial statements (continued)

3 Interest payable and similar charges

	2016	2015
	£'000	£'000
Bank loans, overdrafts and other loans	**394**	113
Interest payable to related party	**5**	13
	399	126

4 Tax on profit on ordinary activities

Analysis of charge in the year

	2016	2015
	£'000	£'000
Current tax:		
In respect of the year:		
UK corporation tax	**32**	227
Adjustments in respect of prior periods (current)	**(19)**	(5)
Total current tax	**13**	222
Deferred tax:		
Origination and reversal of timing differences	**(361)**	67
Adjustments in respect of prior periods	**(6)**	-
Effect of tax rate change on opening balance	**(28)**	(50)
Total deferred tax charge	**(395)**	17
Tax on profit on ordinary activities	**(382)**	239

Factors affecting current tax charge
The tax assessed for the year differs from the standard rate of corporation tax in the UK at 20.0% (2015: 20.25%). The differences are explained below:

	2016	2015
	£'000	£'000
(Loss)/Profit on ordinary activities before tax	**(2,976)**	897
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	**(595)**	182
Effect of:		
Expenses not deductible for tax purposes	**203**	177
Income not taxable for tax purposes	**-**	(39)
Other tax adjustments, reliefs and transfers	**-**	(17)
Adjustments in respect of prior periods	**(19)**	(5)
Adjustment in respect of prior periods - deferred tax	**(6)**	-
Adjust closing deferred tax to average rate of 20%	**(22)**	(65)
Adjust opening deferred tax to average rate of 20%	**57**	6
Tax charge (credit) for the period	**(382)**	239

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 £589,000 (2015: £833,000).

6 Tangible fixed assets

Group	Freehold Land and Buildings £'000	Plant & Machinery £'000	Aeroplane and Helicopter £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 2016	28,514	5,684	5,122	9,635	48,955
Additions	53	199	3,408	300	3,960
Disposals	(45)	-	(2,653)	(74)	(2,772)
At 31 December 2016	**28,522**	**5,883**	**5,877**	**9,861**	**50,143**
Depreciation					
At 1 January 2016	7,071	4,614	1,104	8,368	21,157
Charge for the year	576	221	248	397	1,442
Disposals	-	-	(818)	(65)	(883)
At 31 December 2016	**7,647**	**4,835**	**534**	**8,700**	**21,716**
Net book value					
at 31 December 2016	**20,875**	**1,048**	**5,343**	**1,161**	**28,427**
at 31 December 2015	21,443	1,070	4,018	1,267	27,798

Included within freehold property is land of £11,348,000 (2015: £11,347,000) which is not depreciated.

7 Investment property

Group	£'000
Valuation	
At 1 January 2016	1,727
Revaluation	15
At 31 December 2016	**1,742**

Company	£'000
Valuation	
At 1 January 2016	7,839
Revaluation	218
At 31 December 2016	8,057

Notes to the financial statements (continued)

7 Investment property (continued)

Certain freehold property has been classified as investment property, is held at valuation and is not depreciated. The value of the property at 31 December 2015 and 31 December 2016 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.

8 Investments

Company	**£'000**
Shares in subsidiary undertakings:	
At 1 January 2016	9,001
At 31 December 2016	**9,001**
Shares in associate companies:	
At 1 January 2016	-
Additions	275
At 31 December 2016	**275**

The share in associate companies represents the cost of 5% of the share capital of Blinkbushe Limited. This was funded through a £275,000 director loan included within note 12 of these financial statements.

The investments in subsidiaries 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 (SAS)	Operation of motor racing circuits – non-trading	Ordinary

Notes to the financial statements (continued)

8 Investments (continued)

Parental guarantees to subsidiary undertakings

For the year ended 31 December 2016 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.

9 Stocks

Group	**2016**	2015
	£'000	£'000
Consumables	**1,020**	1,108

Stock recognised in cost of sales during the year as an expense was £3,482,000 (2015: £3,235,000).

10 Debtors

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Trade debtors	**811**	810	**82**	21
Amounts due from group undertakings	**-**	-	**3,165**	2,774
Prepayments and accrued income	**2,054**	2,976	**-**	-
VAT recoverable	**520**	159	**-**	-
Related party debtors (note 25)	**-**	517	**-**	-
	3,385	4,462	**3,247**	2,795

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

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Bank overdraft	**617**	1,586	**-**	-
Bank loan	**2,300**	2,300		
Trade creditors	**1,232**	1,291	**-**	-
Amounts owed to group undertakings	**-**	-	**5,452**	281
Corporation tax	**35**	88	**-**	8
Social security and other taxes	**456**	398	**-**	-
Other creditors	**754**	599	**84**	53
Accruals and deferred income	**2,955**	2,796	**-**	-
Directors loans (note 25)	**3,407**	1,271	**-**	-
	11,756	10,329	**5,536**	342

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

12 Creditors: amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Other creditors	**-**	2	**-**	-
Bank loans	**8,000**	300	**-**	-
Director's loans (note 25)	**275**	-	**275**	-
	8,275	302	**275**	-

Notes to the financial statements (continued)

13 Borrowings

Borrowings are repayable as follows:	**Group 2016 £'000**	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Within one year:				
Bank overdraft	**617**	1,586	-	-
Bank loans	**2,300**	2,300		
Director's loan	**3,407**	1,271	-	-
After one and within two years:				
Bank loans	**2,000**	300	-	-
After two years and within five years				
Bank loan	**6,000**	-		-
Director's loan	**275**	-	**275**	-
	14,599	5,457	**275**	-

The bank loans are repayable in installments. Interest on loans with variable interest rates is charged at 2.4% over LIBOR. Interest on loans that have a fixed interest rate are charged at 3.33% under an interest rate swap. All bank loans are secured by fixed legal charges over the group's freehold property and chattel mortages over certain fixed assets. All group undertakings have entered into cross guarantees in respect of these borrowings.

14 Provisions for liabilities

	Deferred taxation (note 15) £'000
At 1 January 2016	522
Origination and reversal of timing differences	(361)
Adjustments in respect of prior periods	(6)
Changes in tax rates	(28)
At 31 December 2016	**127**

Notes to the financial statements (continued)

15 Deferred taxation

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

	Group 2016 £'000	Group 2015 £'000
Accelerated capital allowances	**349**	523
Short term timing differences	**(2)**	(1)
Tax losses carried forwards	**(220)**	-
	127	522
At 1 January	**522**	505
Charge to profit and loss account for the year	**(395)**	17
At 31 December	**127**	522

16 Share capital

	2016 £'000	2015 £'000
Authorised share capital:		
100,000 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid:		
12,600 ordinary shares of £1 each	**13**	13

17 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. During the year a special resolution was made to cancel £5,000,000 of the share premium and return this directly to the Ordinary shareholders without first transferring to any reserve of the company, pro rata to their shareholding

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)

18 Operating lease commitments

At 31 December 2016 the group had annual commitments under non-cancellable operating leases as set out below:

	Land & buildings	
	2016	2015
	£'000	£'000
Within one year	**33**	23
Between one and five years	**55**	-

19 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 11) are £10,000 (2015: £12,000).

20 Contingent liabilities

All group undertakings have entered into a cross company guarantee in respect of the group's bank borrowings. At 31 December 2016 the amount so guaranteed amounted to £10,917,000 (2015: £4,186,000).

21 Dividends

	2016	2015
	£'000	£'000
Paid during the year on ordinary shares	-	300

22 Financial assets and liabilities

Group	**2016**	2015
	£'000	£'000
Financial assets measured at amortised cost	**811**	1,327
Financial liabilities measured at amortised cost	**16,585**	7,349

Company	**2016**	2015
	£'000	£'000
Financial assets measured at amortised cost	**3,247**	2,795
Financial liabilities measured at amortised cost	**5,811**	334

Notes to the financial statements (continued)

23 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.

Economic risk

The group is aware how changes in the economic conditions can have a significant impact on the business. In order to manage and mitigate this risk, the group's strategy is to diversify its motorsport activities and to be ready to respond quickly and appropriately to changes in the economic climate.

Litigation risk

Operating in the motorsport industry presents a number of challenges. Failure to meet those challenges can be costly both financially and in terms of impact on people and the environment. Environmental and health and safety issues can result in substantial and protracted litigation. To successfully manage and mitigate those risks, the group seeks to ensure that it remains up to date and fully aware of its responsibilities and obligations, and where necessary employs appropriately qualified professionals to provide expert help and guidance.

24 Control

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

Notes to the financial statements (continued)

25 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 2016, an amount of £2,176,000 was due to (2015: £517,000 was due from) Dr J C Palmer, a director and shareholder of the company. This was the maximum amount due during the year and is interest free.

At 31 December 2016, an amount of £1,506,000 was due to (2015: £1,271,000) Sir Peter Ogden, a director and shareholder of the company. This was the maximum amount due during the year and accumulated interest of £5,034 (2015: £12,816).

26 Post balance sheet events

Motorsport Vision Limited, a subsidiary of the MSV Group, reached agreement to run and operate the Donington Park circuit business on 12 January 2017 and will lease the Donington Park Estate for an initial 21 year term. Unconditional regulatory approval for the transaction was received from the Competition and Markets Authority on 11 August 2017.