



CHAIRMAN'S REVIEW

I am delighted to report that the figures, contained within this Annual Report, underline the fact that the Motor Sports Association is increasingly investing more funds into the sport than at any time in its history.

The Motor Sports Association is now entering a period of evolution as we consider the role that the governing body should play in the sport. As an organisation, the MSA's role has always been to administer UK motor sport, a role that it has consistently undertaken to the highest possible standards especially in recent years.

Good governance and strict financial discipline have enabled the MSA to generate a healthy surplus - on an essentially stable income level. We are starting to see the benefits of this shrewd management, with the MSA now able to invest more than ever before into many areas of the sport and its own operations. That we have been able to do so is testament to the excellent work undertaken by the Executive and their staff. Under the leadership of Colin Hilton and Andrew Coe, the MSA and IMS (respectively) are effectively and efficiently run.

The MSA must continue to invest in both our business and the sport itself. We must, and will, continue to improve the service we provide to the competitors, volunteers, administrators and everyone involved with the sport. Maintaining pace with new technology and investing in the company's infrastructure is essential to ensure that the MSA is delivering efficiencies and value for money to its stakeholders.

Moving forward, my strategy is for the MSA to become more pro-active in the development of the sport through helping to shape its future direction, increase its public profile and devoting more of its resources to foster continued improvements in many areas.

As the governing body, the MSA should occupy a central position within UK motor sport, not simply a peripheral administrative or regulatory role, and much of my effort will be focused on achieving this in the coming years. My thanks should also go to my fellow board Directors of the MSA, all of whom have shared in this same vision and fully endorse our strategy.

The esteem in which the 'modern' Motor Sports Association is now held is reflected by the growing representation of UK personnel at the world level with the FIA. Led by Chairman of the MSA Council, Graham Stoker, who holds a seat on the World Motor Sports Council, the UK's delegation now numbers 16, illustrating the UK's continuing influence on the world motor sport stage. A full list of UK representatives can be found on page 12.

In last year's Annual Report, I vowed to challenge and question everything the company does in order to ensure that the business is operating to its full potential. I remain true to my word and will continue to do so, thus ensuring that the MSA serves our sport to the best of its abilities - both now and in the future.

Alan J Gow
Chairman, MSA



CHIEF EXECUTIVE'S MESSAGE

It has been an incredibly busy year for everyone involved with the Motor Sports Association. We have retained a tight hold on the company's finances once again to deliver a healthy surplus, which has enabled more money than ever before to be invested back into the sport itself and into providing the best possible services to our customers.

In 2005, MSA British Rally Elite was launched. Funded for a minimum of three years by the MSA, the Elite scheme took six of the best young drivers or co-drivers in the UK, creating a broad-based programme of performance development. Matthew Wilson was the first graduate to WRC level in 2006 and the scheme has been extended to national level with the introduction of the MSA Rally Academy.

Building on the success of the rallying programme, the MSA was able to allocate further funding to launch the MSA British Race Elite scheme in 2006. Fronted by highly respected international racer David Brabham, the Race Elite has selected six drivers as the best young prospects in British circuit racing, representing a variety of disciplines from both single seaters and saloons.

The MSA has been able to continue to fund the Elite programmes thanks to the continued good management of the company finances and stringent cost-cutting measures. The MSA was able to make donations worth almost £400,000 in 2006 to the British Motor Sports Training Trust, the Motor Sport Safety Fund and various club development schemes.

Volunteers in Motorsport continues to be one of the major beneficiaries. The results of the first twelve months were very encouraging with more than 500 individuals joining the marshalling ranks, the web site registering thousands of visits, in excess of 100 days being booked for the use of the ViM display stand and thousands of leaflets being handed out at shows and events. As a result of the great progress, the government funding and British Motor Sports Training Trust match funding for the scheme was approved for a second year, enabling further developments in this vital area.

The MSA was also able to invest in new technology to enable its services to be provided more efficiently. The switch to the new credit card licences at the end of 2006 encountered a number of teething problems for which we apologise, but those initial difficulties will not deter us from changing with the times and employing advances in technology to assist and develop our services where possible.

In the spirit of continually improving communications, the reformatting of the Blue Book was a much smoother process. Competitors and officials will find the 2007 version a significant improvement on the previous edition. The MSA also produced a booklet outlining the many activities undertaken by the company, often taking place behind the scenes, to provide a fuller picture of the extent of the MSA's activity for clubs, regional associations and the media.

On the international stage, British drivers continue to excel around the world, while the UK's two flagship events were joined by a third in 2006. The British Grand Prix was a great success in an unfamiliar June date and Wales Rally GB signed an extension to its sponsorship agreement with the Welsh Assembly Government to continue Britain's leg of the WRC in South Wales. The new-for-2006 BAJA GB brought international cross-country rallying to the UK for the first time in August and has been rewarded with a place on the calendar for the 2007 International Cup for BAJAs.

Domestically, the sport is still strong. Licence figures are holding up well and the major UK series such as the BTCC and BRC are once again moving in the right direction. Participation at the grassroots of the sport seems to be enjoying a healthy growth and we will strive to make motor sport even more accessible in the coming years for those wishing to participate.

As ever, I am indebted to the excellent work of the team at Motor Sports House and the officials and volunteers around the country for their relentless efforts in helping to run this great sport and look forward to another successful twelve months ahead.

Colin Hilton
Chief Executive, MSA

CHARITABLE DONATIONS

MSA Group donation to British Motor Sports Training Trust £300,000
MSA donation to Motorsport Safety Fund £35,000

In addition, the MSA made grants of almost £65,000 to include schemes such as the MSA Club Development Fund and support to LARA (Land Access and Recreation Association).

BRITISH MOTOR SPORTS TRAINING TRUST

The grants made towards training projects or equipment during 2006 amounted to £237,991 (2005 - £153,384) as follows:

Motorsport Development Projects	£181,957
Volunteer Officials Training Grants	£56,034
Comprising:	
Association of North Western Car Clubs	£12,404
British Motor Racing Marshals Club Ltd	£9,555
Medics Courses - Prehospital & Advanced Trauma Life Support	£5,275
Knockhill Medical Training	£4,812
Northern Ireland Motor Club Ltd	£3,613
British Racing & Sports Car Club	£3,355
British Automobile Racing Club	£2,908
Midland Automobile Club	£2,627
Darlington & District Motor Club	£2,441
South Wales Automobile Club	£2,042
Castle Combe Racing Club	£1,500
<u>Various grants £1,000 and under</u>	<u>£5,502</u>
TOTAL	£237,991

CLUB DEVELOPMENT FUND AWARDS 2006

CLUB	AWARDED
Ludlow Castle MC	£5,000
Motorsport Medical Services (IOM)	£2,500
Castle Combe RC	£2,500
Sheffield & Hallamshire MC	£2,500
Dragon Rescue (Welsh Counties CC)	£2,500
West of Scotland KC	£2,500
Herts County AC	£2,000
Forest of Dean MC	£2,000
Ecurie Royal Oak	£1,500
Borough 19 MC	£1,359
BARC North West	£1,275
<u>Various grants £1,000 and under</u>	<u>£7,307</u>
TOTAL	£32,941

Since its inception in 1995 the Club Development Fund has donated £469,841 to support projects with a combined value of £2,337,168

DIRECTORS' REPORT

The Directors present their annual report and the audited group financial statements for the year ended 31 December 2006.

DIRECTORS

A J Gow - Chairman
C N Hilton - Chief Executive
R J Ashmead (resigned 31/12/06)
D I Carter (appointed 09/02/06)
B P Cussons
D K Gangahar (appointed 09/05/06)
J A M Grant (resigned 09/02/06)
S R Jones (appointed 03/10/06) - Secretary
T G Keown

R G Knight (appointed 09/02/06)
T A Lankshear (resigned 09/05/06)
N E H Moffitt (appointed 09/02/06)
G K R Stoker
W S Troughear (resigned 09/02/06)
R G Trouton MBE (resigned 09/02/06)
N A Whale
J R Wood

ACTIVITIES

The principal activities of the Parent Company are to administer and finance the governance of motor sport in the United Kingdom for motor vehicles with more than three wheels and, through its subsidiaries International Motor Sports Limited ("IMS") and British Grand Prix Limited ("BGPL"), to organise and promote motor sport events, provide motor sports consultancy and undertake commercial activities related to motor sport.

INCOME, OPERATING RESULTS & REVIEW

Although not required to do so under the Companies Act 1985, the Directors have nevertheless elected to prepare group accounts for reasons of transparency and completeness.

2006 was a good year for the Group. The Group's consolidated surplus before tax was £773,902 (2005:£624,868) after donating £300,000(2005:£325,000) to the British Motor Sports Training Trust ("BMSTT"). The Company also arranged for the donation of £35,000 (2005:£35,000 BMSTT), the balance of the Motor Sports Council's special Fines Fund, to the Motor Sport Safety Fund. Group net assets were increased by £634,676 to £7,900,186 (2005:£7,265,510).

It is pleasing to see the continued improvement in performance by IMS. Following the conclusion of five year agreements it should further strengthen its financial stability.

The MSA has reaffirmed its commitment to British talent by launching an elite driver training programme to incorporate all UK racing in conjunction with Brabham Performance Clinic, fronted by the international racing driver, David Brabham. Our commitment to the other projects, MSA Rally Elite Scheme and Volunteers in Motorsport, are progressing well.

We have recently announced a series of initiatives to ensure that registered marshals and volunteer officials have a stronger voice in the development of motor sport. Through the Training Steering Group, two sub-committees have been set up to ensure that issues, such as recruitment, retention, training and working conditions affecting marshals and volunteer officials, are brought to the top of the agenda within motor sport.

We are committed to the highest standards of corporate governance. We do recognise that good governance helps to deliver our strategy and safeguard the long term interest of our stakeholders. We have a well established system of internal controls including compliance, financial & operational and risk management to safeguard our assets and reputation. The Group recognises the risks it faces in connection with its business operations and monitors various key performance indicators as part of its monthly accounting and management reporting processes.

FUTURE PROSPECTS

The Group's strategic objective is to be, and to be perceived to be, both an excellent governing body and the acknowledged leader in developing and growing British motor sport. Our three strategic priorities are:- securing our financial and operational stability, enhancing our visibility and reputation at national and international levels and promoting Britain's heritage in motor sports.

The drive to increase the range of our electronic services and in particular to pave the way for credit card licences continues. Steps are in place for the building of redundancy into our computer systems, which will assist us to give our licence holders robustness and resilience.

Towards the year end, we have commenced an exercise to comprehensively review our investment strategy & performance and capital structure with the primary objective to enhance the returns.

Our success could not be achieved without the commitment and enthusiasm of our excellent volunteers and staff. These people are at the centre of everything we do. The Group will ensure that they have the necessary experience knowledge and skills to cope with current and future needs of the motor sport. We will continue to forge partnerships with our stakeholders to allow us the platform to face the challenges of tomorrow with real confidence.

FINANCIAL INSTRUMENTS

The Group has positive cash balances and no loans or overdrafts to account for. Surplus cash is invested in unit trusts and deposits with investment managers as well as treasury and deposit accounts through the Group's banks to achieve the best available market returns pursuant to risk.

EMPLOYMENT OF DISABLED PERSONS

Full and fair consideration is given to applications for employment made by disabled persons having referred to their particular skills and abilities.

SUPPLIER PAYMENT POLICY

It is the Group's policy to agree and clearly communicate the terms of payments as part of the commercial agreement negotiated with suppliers and then to pay according to the terms based upon the timely receipt of an accurate invoice. Generally invoices are paid within 45 days (2005 - 45 days) from the date of the invoice being issued.

CHARITABLE DONATIONS

During the year the Group made a gift-aid charitable donation of £300,000 to the British Motor Sports Training Trust (2005:£325,000). The Company also arranged for the donation of a further sum of £35,000 (2005:£35,000 BMSTT), the balance of Motor Sports Council's special Fines Fund to the Motor Sport Safety Fund.

LIMITED BY GUARANTEE

The Company is limited by guarantee, does not distribute its surplus income to its members and does not have share capital. The liability of each member is limited to £1.

The members as at 31 December 2006 were as follows:-

Ayers K E	Lyle I B M
Broad M	Moffitt N E H
Cardell D S	Parkin R
Carter D I	Pollitt N
Cowcill E	Richardson J H
Cranston D P	Scott Andrews A
Cussons B P	Southcombe R M
Fack R J H	Sones M
Gow A J	Stoker G K R
Grant-Peterkin M R	Taylor R
Harkness R	Tomley C
Hill R T	Troughear W S
Hilton C N	Turner G S
Keown T G	Wood J R
Knight R G	

INCOME AND OPERATING RESULTS BY PRINCIPAL ACTIVITY

For the year ended 31 December 2006

An analysis by principal activity for the Group is shown below:

	The Royal Automobile Club Motor Sports Association Limited	International Motor Sports Limited	British Grand Prix Limited	2006 Total	2005 Total
	£	£	£	£	£
INCOME					
Governance of motor sports	3,826,873	-	-	3,826,873	3,516,666
Event promotion and commercial activities	-	2,805,224	247,432	3,052,656	3,015,571
	<u>3,826,873</u>	<u>2,805,224</u>	<u>247,432</u>	<u>6,879,529</u>	<u>6,532,237</u>
EXPENDITURE					
Staff costs	1,273,231	345,059	-	1,618,290	1,637,942
Other administration expenses	2,158,566	2,120,129	249,435	4,528,130	4,257,107
Gift-aid charitable donation	200,000	100,000	-	300,000	325,000
	<u>3,631,797</u>	<u>2,565,188</u>	<u>249,435</u>	<u>6,446,420</u>	<u>6,220,049</u>
Operating surplus/(deficit)	195,076	240,036	(2,003)	433,109	312,188
Increase in current asset investment	-	-	-	-	17,668
Share of profits/(losses) of joint ventures	2,633	-	-	2,633	(1,779)
Other finance charge	(41,600)	(10,400)	-	(52,000)	(57,000)
Interest receivable and similar income	369,598	20,448	114	390,160	353,791
Surplus/(deficit) for the year before taxation	525,707	250,084	(1,889)	773,902	624,868
Tax [charge]/credit on the surplus	(169,174)	(48,491)	(4,826)	(222,491)	(167,792)
Surplus/(deficit) for the year after taxation	<u>356,533</u>	<u>201,593</u>	<u>(6,715)</u>	<u>551,411</u>	<u>457,076</u>

NET ASSETS EMPLOYED BY PRINCIPAL ACTIVITY

	£	£	£	£	£
Fixed assets					
Tangible assets	2,732,319	89,556	-	2,821,875	2,683,532
Current assets	8,160,213	941,016	47,614	9,148,843	8,606,383
Current liabilities	(3,210,015)	(853,943)	(6,574)	(4,070,532)	(4,024,405)
Net current assets/(liabilities)	<u>4,950,198</u>	<u>87,073</u>	<u>41,040</u>	<u>5,078,311</u>	<u>4,581,978</u>
Net assets employed	<u>7,682,517</u>	<u>176,629</u>	<u>41,040</u>	<u>7,900,186</u>	<u>7,265,510</u>

The above amounts exclude all inter-group trading and inter-group balances.

GROUP BALANCE SHEET

As at 31 December 2006

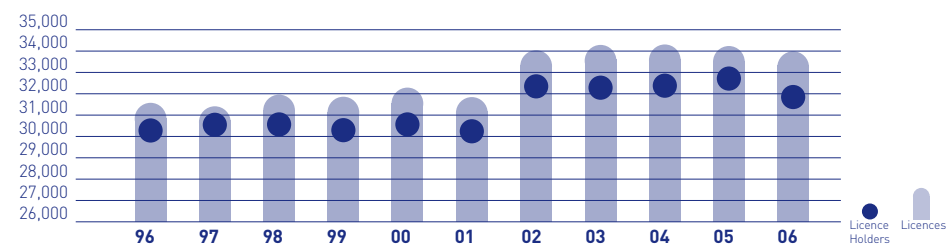
	2006 £	2005 £
FIXED ASSETS		
Tangible assets	2,821,875	2,683,532
CURRENT ASSETS		
Debtors	625,361	1,024,476
Investments	7,794,107	7,087,107
Cash at bank and in hand	722,421	494,800
	<u>9,141,889</u>	<u>8,606,383</u>
CREDITORS: amounts falling due within one year	<u>(3,741,532)</u>	<u>(3,212,499)</u>
NET CURRENT ASSETS	5,400,357	5,393,884
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>8,222,232</u>	<u>8,077,416</u>
Debtors due in more than one year	<u>6,954</u>	<u>9,727</u>
PROVISIONS FOR INVESTMENTS IN JOINT VENTURES:		
Share of gross assets	-	[2,633]
Share of gross liabilities	-	[22,627]
	<u>-</u>	<u>(25,260)</u>
	<u>8,229,186</u>	<u>8,084,510</u>
Pension liability	<u>(329,000)</u>	<u>(819,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY	<u>7,900,186</u>	<u>7,265,510</u>
CAPITAL AND RESERVES		
Income and Expenditure account	7,254,497	6,547,998
Property revaluation reserve	645,689	717,512
	<u>7,900,186</u>	<u>7,265,510</u>

FIVE YEAR GROUP RESULTS

	2002	2003	Restated 2004	2005	2006
	£	£	£	£	£
Group Income	6,875,739	7,077,755	6,553,889	6,532,237	6,879,529
Operating surplus/(deficit) for the year	(108,500)	(130,063)	16,135	312,188	433,109
Share of profits/(losses) of joint ventures	-	(21,118)	20,263	(1,779)	2,633
Write back of impairment in current asset investment	(241,176)	129,777	118,677	17,668	-
Other finance charge	-	-	(69,000)	(57,000)	(52,000)
Interest receivable	260,149	242,204	318,399	353,791	390,160
Surplus/(deficit) for the year before taxation	(89,527)	220,800	404,474	624,868	773,902
Tax charge on the surplus/(deficit) for the year	(22,399)	(30,234)	(69,599)	(167,792)	(222,491)
Surplus/(deficit) for the year after taxation	(111,926)	190,566	334,875	457,076	551,411
Recognised in the STRGL	-	754,688	242,100	(194,300)	83,265
Prior year adjustments	-	-	(1,319,343)	-	-
Movement in the year	111,926	945,254	(742,368)	262,776	634,676
Net group assets brought forward	6,911,774	6,799,848	7,745,102	7,002,734	7,265,510
Net Group assets carried forward	6,799,848	7,745,102	7,002,734	7,265,510	7,900,186

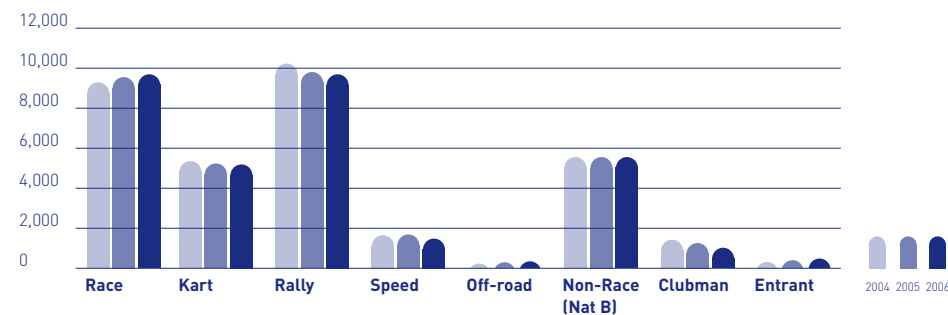
LICENCE STATISTICS

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Licences	31,663	31,468	31,915	31,840	32,173	31,770	34,079	34,112	34,211	34,113	33,823
Licence Holders	30,811	30,500	31,133	30,854	31,134	30,819	32,888	32,814	32,889	33,410	32,312



LICENCE STATISTICS 2004 v 2005 v 2006

	2004	2005	2006
Race	9,437	9,696	9,808
Kart	5,419	5,281	5,172
Rally	10,071	9,881	9,706
Speed	1,872	1,889	1,838
Off-road	76	95	111
Non-race (Nat B)	5,785	5,764	5,814
Clubman	1,365	1,308	1,162
Entrant	193	198	212
Total Licences	34,218	34,113	33,823
Total Holders	32,876	33,410	32,312

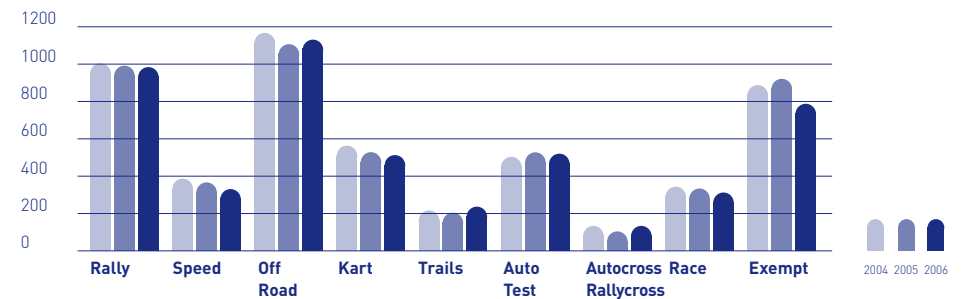


LICENCE STATISTICS

	2004	2005	2006
RACE			
International	1,481	1,541	1,546
National A	3,191	3,317	3,405
National B	4,304	4,386	4,389
International Historic	434	427	438
Truck	27	25	30
Total Race	9,437	9,696	9,808
KART			
International	174	190	212
National A	3,151	3,089	2,936
National B	2,094	2,002	2,024
Total Kart	5,419	5,281	5,172
RALLY			
International	663	579	522
National A	2,499	2,436	2,418
National B	5,333	5,230	5,044
Navigator	1,543	1,609	1,696
International Historic	33	27	26
Total Rally	10,071	9,881	9,706
SPEED			
International	36	34	37
National A	1,836	1,855	1,801
Total Speed	1,872	1,889	1,838
OFF-ROAD			
NON-RACE (National B)	76	95	111
CLUBMAN	1,365	1,308	1,162
ENTRANT	193	198	212
Total Licences	34,211	34,113	33,823
Total Holders	32,889	33,410	32,312

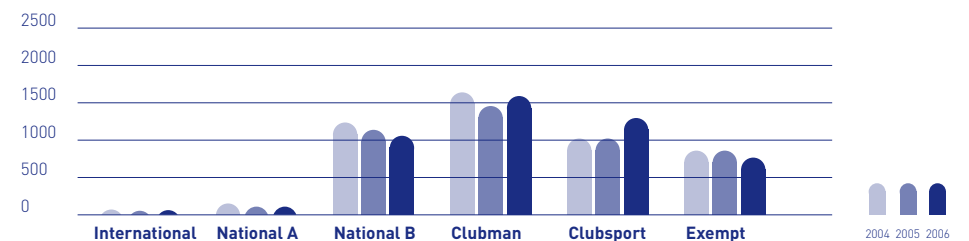
EVENT STATISTICS

	2004	2005	2006
Rally	1,019	913	981
Speed	396	346	338
Off-road	1,174	1,143	1,267
Kart	547	503	497
Trials	205	199	219
Autotests	499	548	529
Autocross & Rallycross	56	48	58
Race	326	318	308
Exempt	839	889	793



EVENT STATUS

	2004	2005	2006
International	44	37	37
National A	201	194	196
National B	1,206	1,170	1,095
Clubman	1,641	1,497	1,569
Clubsport	1,078	1,072	1,303
Exempt	839	834	793
Total	5,009	4,804	4,993



MOTOR SPORTS ASSOCIATION COUNCIL MEMBERS

Ken Ayers	Speed Events
Mike Broad	Appointed member
Dennis Carter	Appointed member
Eric Cowcill	Timekeeping
David Cranston	Medical
Alan Gow	MSA Chairman
Robert Harkness	Appointed member
Roger Hill	Safety
Colin Hilton	MSA Chief Executive
Andrew Kellitt	Rallies
Robin Knight	Race
Paul Loveridge	Appointed member
Bruce Lyle	Appointed member
Nicky Moffitt	Regional
Rod Parkin	Historic
Nick Pollitt	Trials
John Richardson	Rallies
Tony Scott-Andrews	Judicial
Mike Sones	Autotest
Graham Stoker	Chairman
Rod Taylor	Kart Sporting
Chris Tomley	Cross Country
Stuart Turner	Appointed member
John Wood	Technical

UK FIA DELEGATES

Graham Stoker	World Motor Sports Council
Tony Scott-Andrews	Permanent F1 Steward
Anthony Scrivener QC	International Court of Appeal
Edwin Glasgow QC	International Court of Appeal
Jonathan Ashman	President World Touring Car
Allan Dean-Lewis MBE	FIA Institute Executive Committee member

UK REPRESENTATIVES ON FIA COMMISSIONS

Russell Anderson	CIK International Karting
John Gentry	FIA Technical
David Grace	FIA Hillclimb
David Tremayne	FIA Records
Martin Grant-Peterkin	FIA Historic Motor Sport
Terry Cox	FIA Truck Racing
Philip Evans	FIA Drag Racing
Fred Gallagher	FIA Cross Country Rally
John Symes	FIA Circuits
	FIA Alternative Energies
John Ryan	FIA Homologation & Technical Working Group
	Deputy CIK International Karting
	CIK Technical Working Group