

REPORT TO: Audit and Governance Committee

MEETING DATE: 16 February 2021

BY: Depute Chief Executive

SUBJECT: Musselburgh Racing Associated Committee (formerly Musselburgh Joint Racing Committee)

1 PURPOSE

- 1.1 To report to the Audit & Governance Committee on the Racecourse financial performance for the period 1 April to 23 June 2020 in the financial year 2020/21.

2 RECOMMENDATIONS

- 2.1 The Audit & Governance Committee is asked to note the contents of this report.

3 BACKGROUND

3.1 2020-21 Financial Performance

- On 23 June 2020, the MRAC ceased to operate Musselburgh Racecourse.
- On 24 June 2020, Chester Race Company Ltd took over the operation of the Racecourse.
- The draft unaudited accounts are therefore for the period from 1 April 2020 to 23 June 2020 (attached as Appendix 1).
- Some transactions continued through the MRAC after 23 June and the draft audited accounts include all MRAC transactions up to 31 January 2021. There may be further MRAC transactions after 31 January 2021.
- The MRAC bank account will be kept open until all transactions are completed and will be closed when it is no longer required.

- The retained profit (reserves) at the start of the period on 1 April 2020 was £227,579.
- The draft unaudited accounts show that there was a £288,845 loss for the period.
- Exceptional costs in the period were £15,875.
- The sale of assets (plant, machinery and equipment) to Chester during the period were £135,000.
- The net increase/decrease in retained profit (reserves) for the year was a decrease of £169,720.
- The retained profit (reserves) at the end of the period is an estimated surplus of £27,224. This final balance will be subject to the full realisation of debtors and creditors.

Commentary:

- The Racecourse was closed during the period 1 April 2020 to 23 June 2020 due to Covid-19, which resulted in the trading loss and the reduction in the reserves at the point of the transfer to Chester.

3.2 Audit process

- The accounts were prepared based on all MRAC transactions paid and received up to 31 January 2021.
- The cut-off for the accounting period was 23 June 2020 and that any transactions post this period are to be shown as debtors and creditors in the final audited accounts. This is not likely to change the profit/loss or the final reserves position.
- The accounts have recently been received and the list of debtors and creditors post 23 June 2020 has been completed. The Racecourse Auditors, Azets, will now complete the final audit.

3.3 Additional Matters

In finalising the governance review it should be noted that:

- 3.3.1 prior to the transfer of operator MJRC/MRAC were recorded as holding shares in Racecourse Retail Business Limited (RRB) and Racecourse Media Group Limited (RMG). RRB is the Licensed Betting Offices (LBO) media rights collective for 37 racecourses; and Racecourse Media Group Limited is the holding company responsible for a range of media and data rights involving 34 of the UK's premier racecourses including Musselburgh

Racecourse. These shareholdings were transferred and are now held by the Council.

3.3.2 as part of the due diligence when winding up MJRC/MRAC affairs it was noted that the BHA Licence applications prepared by the Racecourse contained an error in relation to the years 2015, 2016 and 2017, specifically that John Prideaux was listed on the application forms as Chairman of the Committee, rather than John Caldwell. This matter was raised with the BHA. The BHA Board noted the error in these earlier Musselburgh Racecourse licence applications and the Board did not raise any questions or require any further information on this issue.

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial – See above

6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None.

Appendix 1 - 2020-21 Draft Final Accounts (covering period 1 April to 23 June 2020).

AUTHOR'S NAME	Carlo Grilli
DESIGNATION	Service Manager - Legal
CONTACT INFO	cgrilli@eastlothian.gov.uk
DATE	Friday, 12 February 2021

DRAFT FINAL ACCOUNTS

Appendix 1

YEAR 2020/21

FINANCIAL STATEMENTS

for the period ended 23rd June 2020

Required by

BRITISH HORSERACING AUTHORITY

In accordance with The Rules of Racing

=====

Name of Racecourse.....MUSSELBURGH.....

Any Communications respecting this Form should be addressed to -

**REGISTRY OFFICE OF THE BRITISH HORSERACING AUTHORITY
151 SHAFTESBURY AVENUE, LONDON WC2H 8AL**

**Musselburgh Racing Associated Committee
(formerly Musselburgh Joint Racing Committee)**

Profit and Loss Account

for the period to 23rd June 2020

		2021		2020
Profit directly relating to race days -	£	£	£	£
Flat	40,904)		1,187,048	
National Hunt	<u>-</u>		<u>642,546</u>	
		(40,904)		1,829,594
Add - Fixed income		<u>107,784</u>		<u>395,706</u>
		66,880		2,225,300
Deduct - Fixed expenditure		386,360		1,801,589
Profit/ (Loss) for the year		(<u>319,480</u>)		<u>423,711</u>
Donation to East Lothian Council in relation to capital expenditure		(-)		(13,334)
Sale of Assets Vehicles/Plant MRL		135,000		-
Exceptional Costs - (Note 2)		(15,875)		(33,198)
Retained profit / (loss)		(<u><u>200,355</u></u>)		<u><u>377,179</u></u>

The notes on page 5 form part of the Financial Statements

**Musselburgh Racing Associated Committee
(formerly Musselburgh Joint Racing Committee)**

Balance Sheet at 23rd June 2020

	2021		2020	
	£	£	£	£
FIXED ASSETS				
Investments (Note 3)	-	-	74,462	74,462
 DEBTORS				
Debtors - Amounts falling due withing one year	771,884		963,544	
Debtors - Amounts falling due over one year	135,000		-	
	906,884		963,544	
 CURRENT LIABILITIES				
CREDITORS :				
Balance on ELC Bank Account	(133,684)		(122,962)	
Balance on Racecourse Bank Account (Note 4)	(289,236)		(175,010)	
Amounts falling due within one year (Note 5)	(456,740)		(512,455)	
	(879,660)		(810,427)	
NET CURRENT ASSETS / (LIABILITIES)		27,224		153,117
TOTAL ASSETS LESS CURRENT LIABILITIES		27,224		227,579
 CAPITAL AND RESERVES				
Other Reserves - Retained Profit (Note 6)		27,224		227,579
		27,224		227,579

The notes on pages 5 form part of the Financial Statements

Approved on

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Chairman

Musselburgh Racing Associated Committee
(formerly Musselburgh Joint Racing Committee)
Notes to the Financial Statements 23rd June 2020

(1) ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

Musselburgh Racing Associated Committee ceased on 23 June 2020. For the period which these accounts are prepared the racecourse was not able to open to the public due to the COVID-19 pandemic.

The accounts take into account all transactions processed up to 31st January 2021

On 24 June 2020 Musselburgh Racecourse Limited took over management of Musselburgh Racecourse under a 10 year operating agreement with East Lothian Council who own the land.

Investments

Investments are initially recognised at cost are then determined at valuation annually.

Income

Profit directly relating to race days represents admission and other related income including sponsorship less direct race day expenditure and net prize money.

Fixed expenditure

Fixed expenditure represents the costs of running the racecourse which cannot be attributed directly to individual race days.

These are recognised in the year in which they occur.

Taxation

The Committee is exempt from taxation.

(2) EXCEPTIONAL COSTS

	2021	2020
	£	£
Fees Tupe	9,124	-
Traffic Management	6,751	-
Tender Process - Legal Fees	-	20,909
Tender Process - General Costs	-	3,252
Tother Legal Fees - HR Advice	-	9,037
	<u>15,875</u>	<u>33,198</u>

(3) INVESTMENTS

Cost or valuation	£
Balance at 1 April 2020	74,462
Disposal	<u>74,462</u>
At 23rd June 2020	<u>-</u>

(4) OVERDRAWN RACE COURSE BANK ACCOUNT

At the balance sheet date the bank account is over drawn by £289,236. East Lothian Council act as guarantors for the bank account.

(5) CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
VAT	-	14,623
Deferred Income	186,059	333,588
Other Creditors	<u>270,681</u>	<u>164,244</u>
	<u>456,740</u>	<u>512,455</u>

(6) RETAINED PROFIT

	2021	2020
	£	£
Balance at beginning	227,579	(149,600)
(Loss) / profit for the year	(200,355)	<u>377,179</u>
Balance at end	<u>27,224</u>	<u>227,579</u>

The following pages do not form part of the financial statement which are the subject of the independent auditor's report on page 2.

Musselburgh Racing Associated Committee
(formerly Musselburgh Joint Racing Committee)

for the period to 23rd June 2020

	£	2021 £	2020 £	£
ESTABLISHMENT EXPENSES				
Rent	32,219			140,000
Rates	4,137			94,353
Insurances	1,272			34,538
Maintenance of Stands and Buildings	26,924			129,704
Maintenance of Course	44,390			150,340
		108,942	548,935	
MANAGEMENT COSTS				
Salaries, NI etc	143,679			524,495
Casuals Job Retention Scheme	27,052			-
Wages :- Groundsmen / Caretaker	58,365			275,579
Fees and Expenses	415			16,023
Training and Development	1,027	230,538	847,011	30,914
GENERAL ADMINISTRATION EXPENSES				
Professional Fees	12,706			51,472
Community Engagement	-			3,038
Marketing / Advertising	9,662			75,080
Subscriptions and Donations	523			4,816
Contributions to R.C.A.	3,054			23,985
Heat and Light	9,080			95,840
Telephone	4,614			26,226
Credit Cards/Bank Charges etc	3,367			23,377
Interest Charges	289			10,209
Printing, Stationery and Advertising	626			19,402
Furniture, Fittings & Equipment	2,959			30,623
Annual Members Badges/Trips etc	-			2,825
Hospitality & Racecourse Visits	-			7,028
Harness Racing	-			30,499
Events Catering etc	-			1,223
		46,880	405,643	
GRAND TOTAL		386,360	1,801,589	

**Musselburgh Racing Associated Committee
(formerly Musselburgh Joint Racing Committee)**

for the period to 23rd June 2020

		2021	2020	
RELATING TO RACING ACTIVITIES	£	£	£	£
Brewery Supply Discount	-			34,480
Casuals Job Retention Scheme	102,955			-
Other Income	4,829			319,483
Advertising	-			34,206
		107,784	388,169	
 OTHER OPERATING INCOME				
Events Catering etc		-	7,537	
 Total		<u>107,784</u>	<u>395,706</u>	

MUSSELBURGH RACING 2020 FLAT

2020 DATES		31-Mar	11-Apr	30-Apr	01-May	11-May	06-Jun
Raceday Income	£	£	£	£	£	£	£
Admissions	-	0	0	0	0	0	0
Premier Admissions Package	-	0	0	0	0	0	0
Racecards	-	0	0	0	0	0	0
Annual Members subscription fees	-	0	0	0	0	0	0
Bookmakers' badges	-	0	0	0	0	0	0
SIS LBO License Fee Per Race	-	0	0	0	0	0	0
RMG Media Rights License Fee	-	0	0	0	0	0	0
Totepool Commission	-	0	0	0	0	0	0
Betting Shop Commission	-	0	0	0	0	0	0
Catering Commission	-	0	0	0	0	0	0
Corporate Hospitality	-	0	0	0	0	0	0
Sponsors Contribution	-	0	0	0	0	0	0
HBLB Fixture Incentive Scheme	15,000	15,000	0	0	0	0	0
HBLB Integrity Grant (fieldforce/cameras/photo)	75,426	12,571	12,571	12,571	12,571	12,571	12,571
Share of sale/claims	-	0	0	0	0	0	0
RMG Fixture Incentive Scheme	10,000	10,000	0	0	0	0	0
Total Raceday Income	100,426	37,571	12,571	12,571	12,571	12,571	12,571
Raceday Expenditure							
Premier Admission Package	-	0	0	0	0	0	0
Officials (including refreshments)	-	0	0	0	0	0	0
Owners & Trainers (catering etc)	-	0	0	0	0	0	0
Raceday Staff	-	0	0	0	0	0	0
Maintenance Track and Grounds	-	0	0	0	0	0	0
Stables & Accommodation	-	0	0	0	0	0	0
Racecards	-	0	0	0	0	0	0
Corp Hosp (Catering/Marquees etc)	-	0	0	0	0	0	0
Sponsorship (Banners/ BTO)	-	0	0	0	0	0	0
Marketing	-	0	0	0	0	0	0
Advertising	25,448	0	12,657	0	0	0	12,791
Police and security	3,127	375	516	375	375	375	1,111
Racetech Starting Stalls	-	0	0	0	0	0	0
Racetech Photofinish/Public Address/Timing	-	0	0	0	0	0	0
Medical / Vets Costs	525	0	413	0	15	0	97
BHA Fixture Licence Fee	11,784	1,964	1,964	1,964	1,964	1,964	1,964
HBLB Appearance Money Payments	-	0	0	0	0	0	0
Fixture Rental Fee	-	0	0	0	0	0	0
BHA Fixture Fees (Field Force etc)	63,642	10,607	10,607	10,607	10,607	10,607	10,607
Racetech TV coverage (integrity and cctv)	1,727	287	288	288	288	288	288
Operational Costs (Big Screen etc)	35,077	-157	7,186	0	175	0	27,873
Total Raceday Expenditure	141,330	13,076	33,631	13,234	13,424	13,234	54,731
Gross Prize Money	-	0	0	0	0	0	0
less							
HBLB General Prize Fund	-	0	0	0	0	0	0
Prize Money Grants	-	0	0	0	0	0	0
Race Incentive Funding (RIF)	-	0	0	0	0	0	0
Entry Fees	-	0	0	0	0	0	0
Total Non-Executive	-	0	0	0	0	0	0
Cost Prize Money to MRC	-	0	0	0	0	0	0
Expenditure + Prize Money	141,330	13,076	33,631	13,234	13,424	13,234	54,731
Raceday Profit/ -loss	-40,904	24,495	-21,060	-663	-853	-663	-42,160

Year Ended 31st March 2021

Debtors and Creditors

AMOUNT

£

RMG Licence Jan - March		183,700.00
RMG Licence/Dividend		62,900.00
MRAC Vehicles/Plant		135,000.00
Debtors Fixed Income to 23/06		29,698.00
Debtors Racedays to 23/06		37,387.00
RMG Incentive	5,000.00	
RMG Licence Fee	154,900.00	
Wm Hill	5,490.81	
BHA Refund Auction	25,000.00	
Previous Years Adj	1,000.50	
Jockey Club Sponsor	5,000.00	
Heineken Retro	6,357.59	
GSI Events	5,754.00	
RMG Licence Fee	154,900.00	363,402.90
Britbet		74,462.00
VAT		20,333.95

906,883.85

BAAA990525		
Creditors Fixed to 3/06		159,856.00
Creditors Racedays to 23/06		31,962.00
Other Creditors Advance Sales etc		186,059.00
Other Creditors		74,863.00
Audit Fee		4,000.00

456,740.00

