

Company Registration No. 3686940

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

Report and Financial Statements

31 March 2004

Deloitte & Touche LLP
Birmingham

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2004

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UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D R Moorcroft
M F Jones
A J Walker
I R Fox
R M Simons
B F Smith
H J Jacobs
J R Taylor

SECRETARY

H J Jacobs

REGISTERED OFFICE

Athletics House
Central Boulevard
Blythe Valley Park
Solihull
B90 8AJ

BANKERS

National Westminster Bank plc
Chamber of Commerce House
36 Highfield Road
Edgbaston
Birmingham
B15 3BJ

SOLICITORS

Farrer & Company
66 Lincoln's Inn Fields
London
WC2A 3LH

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year to 31 March 2004.

ACTIVITIES

The principal activities of the company during the period were to carry out the functions of the governing body for athletics in the UK and to facilitate the development of athletics from schools to clubs and the provision of competition from local to grand prix events.

RESULTS

The deficit for the period of £7,811 (2003 surplus: £85,642) is due to a number of factors. The success of the commercial programmes has generated sufficient funds to allow investment in the future of athletics. The company made a significant donation to British Athletics Foundation, a registered charity which is concerned with development activities in athletics. The company has suffered an increase in insurance costs, in line with the changes in the global insurance markets, with a large increase in the cost of insurance cover for its club structure. The decrease in reserves to £1,286,980 still gives the company some financial security in a sport where income is not guaranteed and costs are committed to serve the significant development programmes currently underway.

In accordance with the Memorandum and Articles of Association, no dividend can be paid and this is unchanged since incorporation.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider that UK Athletics Ltd will continue to trade satisfactorily and to provide a sound basis for the future of the sport.

DIRECTORS

The directors who served during the period and to the present date are listed on page 1.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the period.

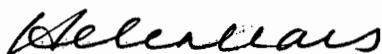
EMPLOYEE INVOLVEMENT

The company has continued its practice of keeping employees informed of the factors affecting the performance of the company and other matters affecting them as employees. This is achieved through regular management and employee meetings. A newsletter is regularly prepared and distributed to all employees.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



H J Jacobs, Secretary

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
UK ATHLETICS LIMITED
(A Company Limited by Guarantee)**

We have audited the financial statements of UK Athletics Limited for the year ended 31 March 2004 which comprise the income and expenditure account, the balance sheet, the cash flow statement, reconciliation of net cashflows to movement in net funds and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Merrill Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham

November 2004

16 December 2004

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
Year to 31 March 2004

	Note	Year to 31 March 2004	Year to 31 March 2003
		£	£
INCOME			
Sponsorship and promotions		10,749,430	10,557,529
Grants	3	5,401,184	4,738,519
Other income		351,496	414,182
Donation		85,546	260,000
Income from initiatives		582,897	412,193
		<u>17,170,553</u>	<u>16,382,423</u>
EXPENDITURE			
Event promotion and initiatives		8,409,270	7,813,217
Performance		5,379,888	5,181,754
Competition co-ordination		137,905	218,250
Development		1,629,348	1,610,401
Anti-doping and related		131,035	132,829
Strategy and co-ordination		576,260	475,177
Promotion and communication		309,355	375,443
Direct regional, club and league support		413,817	516,077
Donation		320,000	0
		<u>17,306,878</u>	<u>16,323,148</u>
(DEFICIT)/SURPLUS FROM OPERATING ACTIVITIES	4	(136,325)	59,275
Interest received		<u>78,261</u>	<u>59,048</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(58,064)	118,323
Tax on ordinary activities	5	<u>50,253</u>	<u>(32,681)</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION	12	<u>(7,811)</u>	<u>85,642</u>

All income and expenditure derives from continuing activities.

There are no recognised gains or losses other than the results for the current financial year and the preceding financial year.

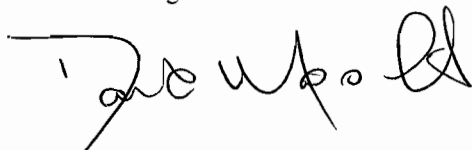
UK ATHLETICS LIMITED
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BALANCE SHEET
31 March 2004

		31 March 2004		31 March 2003	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	6	-	-	-	-
Tangible assets	7	4,595		15,708	
			4,595		15,708
CURRENT ASSETS					
Debtors	8	3,169,957		3,702,811	
Cash at bank and in hand					
Free cash		1,097,810		305,195	
Restricted cash	9	909,677		1,440,010	
		<u>5,177,444</u>		<u>5,448,016</u>	
CREDITORS: amounts falling due within one year	10	<u>(2,977,859)</u>		<u>(4,168,933)</u>	
NET CURRENT ASSETS			2,199,585		1,279,083
PROVISIONS	11		<u>(917,200)</u>		<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,286,980</u>		<u>1,294,791</u>
RESERVES					
Accumulated fund	12		<u>1,286,980</u>		<u>1,294,791</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



David Moorcroft



Helen Jacobs

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
Year to 31 March 2004

	Note	Year to 31 March 2004	Year to 31 March 2003
		£	£
Cash flow from operating activities	13	220,427	437,118
Returns on investments and servicing of finance			
Interest received		78,261	59,048
Taxation		(36,406)	(45,044)
Increase in cash in the period		<u>262,282</u>	<u>451,122</u>

		Year to 31 March 2004	Year to 31 March 2003
		£	£
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		262,282	451,122
Net funds at 1 April 2003/1 April 2002		<u>1,745,205</u>	<u>1,294,083</u>
Net funds at 31 March 2004/31 March 2003	14	<u>2,007,487</u>	<u>1,745,205</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Income

Income represents amounts derived from the provision of goods and services and grants received which fall within the company's ordinary activities within the United Kingdom after deduction of value added tax.

Sponsorship and income from significant television contracts is recognised by allocating cash received against the number of attributed events each year. Other income is recognised on the day it becomes contractually payable.

Grants are recognised on the day they are received, or on the first day of the grant period, whichever is the later.

Interest is recognised on the basis of amounts received in the period.

Intangible Assets - Goodwill

Goodwill reflects the acquisition of assets and liabilities and is amortised over one year, where this reflects the nature of the assets and liabilities acquired.

Tangible fixed assets

Significant tangible fixed assets are stated at cost and are depreciated on a straight line basis from the month of purchase at the following annual rates:

Computer equipment	33.3%
Office equipment	20%
Building improvements	20%

Deferred Tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallize based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company for the financial year.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year to 31 March 2004	Year to 31 March 2003
	£	£
Directors' remuneration		
Emoluments	350,539	322,890
Contribution to a money purchase pension scheme	29,282	16,241
	No.	No.
Number of directors who are members of a money purchase scheme	3	3
Remuneration of the highest paid director		
Emoluments	95,481	92,700
Company contributions to a money purchase scheme	7,963	6,674

	Year to 31 March 2004	Year to 31 March 2003
	£	£
Employee costs during the year (including directors)		
Wages and salaries	2,859,209	2,551,553
Social security costs	285,668	232,994
Pension costs	215,453	159,657
	3,360,330	2,944,204

	Year to 31 March 2004	Year to 31 March 2003
	No.	No.
Average number of employees by category		
Development	15	15
Performance	43	42
Competition	3	3
Chief Executive's Office & Communications	10	10
Strategy	2	1
Operations	20	20
Full-time equivalents	93	91
UK Athletics also employs the following number of staff to deliver local athletics on a part time basis (previously treated as honorary or self-employed consultants)	108	60

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

3. GRANTS

Grants include the following:

	Year to 31 March 2004 £	Year to 31 March 2003 £
Sport England	1,899,736	1,758,388
UK Sport	3,322,497	2,835,131
World and European athletics bodies	45,608	94,926
Sportsmatch	50,000	35,000
Other	83,343	15,074
	<u>5,401,184</u>	<u>4,738,519</u>

4. OPERATING (DEFICIT)/SURPLUS

Operating (deficit)/surplus is after charging:

	Year to 31 March 2004 £	Year to 31 March 2003 £
Auditors' remuneration	20,300	20,000
Depreciation of tangible fixed assets	11,113	14,755
Goodwill credit	-	(68,775)
	<u>31,413</u>	<u>(33,920)</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

5. TAX ON DEFICIT/SURPLUS ON ORDINARY ACTIVITIES

Analysis of the tax charge in the year

	Year to 31 March 2004 £	Year to 31 March 2003 £
Current tax		
Corporation tax at 19% (2003:19%) based on the profit for the year	7,434	26,000
Adjustment in respect of prior periods	(46,507)	-
	<u>(39,073)</u>	<u>26,000</u>
Deferred tax		
Origination and reversal of timing differences	(12,672)	8,602
Adjustment in respect of prior years	1,492	(1,921)
	<u>(50,253)</u>	<u>32,681</u>

Factors affecting the tax charge for the year

The current tax credit arising in respect of the year is higher (2003 – higher) than the standard rate of UK corporation tax 19% (2003 - 19%). The differences are explained below.

	Year to 31 March 2004 £	Year to 31 March 2003 £
(Deficit)/Surplus on ordinary activities before tax	(58,064)	118,323
Expected charge at 19% (2003:19%)	(11,032)	22,481
Effects of:		
Expenses not deductible for tax purposes	6,208	11,730
Capital allowances in excess of depreciation	10,056	5,663
Movement in short term timing differences	2,616	(806)
Amortisation	-	(13,068)
Marginal relief	(414)	-
Prior period adjustments	(46,507)	-
Current tax charge for the year	<u>(39,073)</u>	<u>26,000</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

6. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 April 2003	(68,775)
	<hr/>
At 31 March 2004	(68,775)
	<hr/>
Amortisation	
At 1 April 2003	-
Charge for the period	68,775
	<hr/>
At 31 March 2004	68,775
	<hr/>
Net book value	
At 31 March 2004	-
	<hr/> <hr/>
At 31 March 2003	-
	<hr/> <hr/>

Goodwill reflects the acquisition of assets and liabilities on 31st March 2002 from Performance Athlete Services Limited. The balance is to be amortised over one year, reflecting the current nature of the assets and liabilities acquired.

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Total £
Cost			
At 1 April 2003	60,053	28,315	88,368
	<hr/>	<hr/>	<hr/>
At 31 March 2004	60,053	28,315	88,368
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2003	51,424	21,236	72,660
Charge for the year	5,450	5,663	11,113
	<hr/>	<hr/>	<hr/>
At 31 March 2004	56,874	26,899	83,773
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2004	3,179	1,416	4,595
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2003	8,629	7,079	15,708
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

8. DEBTORS

	2004	2003
	£	£
Trade debtors	1,424,147	2,295,680
Other debtors	94,653	65,265
Deferred tax	39,283	28,103
Value added tax	194,004	156,233
Prepayments and accrued income	1,417,870	1,157,530
	<u>3,169,957</u>	<u>3,702,811</u>

Trade debtors include sponsorship and TV rights invoiced at the end of the period, but not contractually due until April 2004.

	2004	2003
	£	£
Movement on deferred taxation balance in the period		
Opening balances	28,103	34,784
(Debit)/Credit to profit and loss account	11,180	(6,681)
Closing balance	<u>39,283</u>	<u>28,103</u>

	2004	2003
	£	£
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	33,482	24,918
Short term timing differences	5,801	3,185
	<u>39,283</u>	<u>28,103</u>

9. CASH

Restricted cash is held for the funding of certain events and activities and can only be utilised to meet certain classes of liabilities.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Trade creditors	588,682	725,811
Other taxation and social security	93,097	80,298
Corporation tax	7,519	82,998
Other creditors	21,177	27,910
Deferred income	1,173,173	1,770,098
Accruals	1,094,211	1,481,818
	<u>2,977,859</u>	<u>4,168,933</u>

Deferred income represents amounts invoiced in advance of events and activities due to take place in the following year.

11. PROVISIONS

A provision of £917,200 has been made for the potential repayment of VAT claimed between 1999 and 2004. The company has been in discussion with HM Customs & Excise about whether all its activities classify as "business activities" for VAT purposes. There are a number of areas under consideration and although the directors believe they have a robust case, they have made this provision against certain elements. Discussion has continued in the year but the issue has yet to be resolved.

	£
Balance at 1 April 2003	-
Transferred from creditors	536,000
Provided for in the year	<u>381,200</u>
Balance at 31 March 2004	<u>917,200</u>

12. ACCUMULATED FUND

	£
Balance at 1 April 2003	1,294,791
Deficit for the period	<u>(7,811)</u>
Balance at 31 March 2004	<u>1,286,980</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

13. RECONCILIATION OF (DEFICIT)/SURPLUS FROM OPERATING ACTIVITY TO OPERATING CASH FLOWS

	Year to 31 March 2004	Year to 31 March 2003
	£	£
Operating (deficit)/surplus	(136,325)	59,275
Depreciation	11,113	14,755
Amortisation	-	(68,775)
Write off of fixed assets	-	2
Decrease in debtors	544,034	1,000,231
Decrease in creditors	(1,115,595)	(568,370)
Increase in provisions	917,200	-
Net cash inflow from operating activities	<u>220,427</u>	<u>437,118</u>

14. ANALYSIS OF NET FUNDS

	At 31 March 2003 £	Cash Flow £	At 31 March 2004 £
Cash at bank and in hand	<u>1,745,205</u>	<u>262,282</u>	<u>2,007,487</u>

15. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 March 2003 or 31 March 2004.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2004

16. RELATED PARTIES

The following related party transactions occurred during the period (including VAT), in relation to direct costs incurred by UK Athletics Limited and recharged to the related party, or the recharge of costs incurred by UK Athletics Limited in respect of shared office costs and accommodation:

	Income	Debtor at 31 March 2004	Income	Debtor at 31 March 2003
	£	£	£	£
Amounts receivable:				
Young Athletes League	278	-	15,469	15,469
London Marathon Ltd	13,485	4,006	195	0
British Athletic Foundation	517	9,172	-	273
	<u>517</u>	<u>9,172</u>	<u>-</u>	<u>273</u>

	Costs	Creditor at 31 March 2004	Costs	Creditor at 31 March 2003
	£	£	£	£
Amounts payable:				
Young Athletes League	94,000	-	94,000	-
Kington Consultants	-	-	32,674	-
London Marathon Ltd	1,715	-	9,648	-
	<u>1,715</u>	<u>-</u>	<u>9,648</u>	<u>-</u>

UK Athletics Limited is the sole Trustee of both British Athletic Foundation, British Athletics Benevolent Fund and Athletics Foundation, all charities registered in England. UK Athletics made a donation to the British Athletic Foundation totalling £320,000 in the year under review.

Mr Bryan Smith is also a director of London Marathon Ltd.

Mr Ian Fox is also a director of Kington Consultants.

Mr Adam Walker is the Chairman of Young Athletes League.

17. GUARANTEE

The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up.