

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

Report and Financial Statements

For the year ended 31 March 2005

REPORT AND FINANCIAL STATEMENTS 2005

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REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I R Fox
Z Hyde Peters - Appointed 1st November 2004
H J Jacobs
M F Jones - Resigned 31st March 2005
D R Moorcroft
R M Simons
B F Smith
J R Taylor
A J Walker

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

haysmacintyre
Chartered Accountants
London

DIRECTORS' REPORT
Year to 31 March 2005

The directors present their annual report and the audited financial statements for the year to 31 March 2005.

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 the highest level, and the provision of competition from local to grand prix events.

RESULTS

The surplus for the period of £197,325 (2004 deficit: £7,811) has been generated primarily as a result of an increase in interest received from cash on deposit and the payment in the prior year to the British Athletics Foundation. The success of the commercial programmes has generated sufficient funds to allow a further increase in the investment in the future of athletics across the UK, with particularly significant additional investment being made in the support of regions, clubs and leagues which more than doubled rising to £848,166 (2004 £413,817).

The income received by UK Athletics can be categorised as that which is tied and that which is free. Tied income is received with contractual obligations that attach to its use. Free income is used to run the sport and provide development programmes for which there is currently no sponsorship, and to fund other support activities.

UK Athletics has increased its reserves during the year to £1,484,305 which gives the company an increased financial security in a sport where income is not guaranteed and costs are committed in advance to a wide range of development programmes.

During the year, Athletics Foundation, a charitable company incorporated in England and Wales was formed, and UK Athletics has the right to approve the appointment of its trustees.

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 operate 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.

DIRECTORS' REPORT
Year to 31 March 2005

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.

AUDITORS

Since the year end, Deloitte & Touche LLP resigned as auditors and haysmacintyre were appointed. A resolution to re-appoint haysmacintyre as the Company's auditors will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



Helen Jacobs
Secretary

26/10/05.

**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 2005 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. 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.

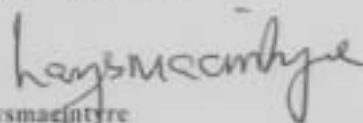
Basis of audit opinion

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 2005 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre

26/10/05.

Chartered Accountants and Registered Auditors
Fairfax House
15 Fulwood Place
London
WC1V 6AY

INCOME AND EXPENDITURE ACCOUNT
Year to 31 March 2005

	Note	2005 £	2004 £
INCOME			
Sponsorship and promotions		11,554,837	10,749,430
Grants	3	5,870,019	5,481,184
Other income		579,306	351,496
Donation		11,590	5,546
Income from initiatives		547,838	582,897
		<u>18,563,590</u>	<u>17,170,553</u>
EXPENDITURE			
Event promotion and initiatives		8,830,834	8,409,270
Performance		5,213,596	5,342,499
Competition co-ordination		194,064	136,128
Development		2,199,363	1,616,143
Anti-doping and related		140,357	191,762
Strategy and co-ordination		628,761	567,904
Promotion and communication		360,627	309,355
Direct regional, club and league support		848,166	413,817
Donation		-	320,000
		<u>18,415,768</u>	<u>17,306,878</u>
SURPLUS(DEFICIT) FROM OPERATING ACTIVITIES	4	147,822	(136,325)
Interest received		120,648	78,261
SURPLUS(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		268,470	(58,064)
Tax on ordinary activities	5	(71,145)	50,253
SURPLUS(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>197,325</u>	<u>(7,811)</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.

The notes on pages 8 to 16 form part of the financial statements.

UK ATHLETICS LIMITED
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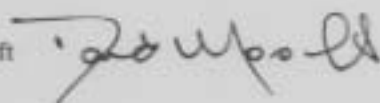
BALANCE SHEET
31 March 2005

	Note	2005		2004	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		152,992		4,595
CURRENT ASSETS					
Debtors	7	3,402,226		3,169,957	
Cash at bank and in hand					
Cash		1,017,397		1,097,810	
Restricted cash	8	1,755,812		909,677	
		<u>6,175,435</u>		<u>5,177,444</u>	
CREDITORS: amounts falling due within one year	9	<u>(4,236,312)</u>		<u>(2,977,859)</u>	
NET CURRENT ASSETS			1,939,123		2,199,585
PROVISIONS	10		<u>(607,810)</u>		<u>(917,200)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,484,305</u>		<u>1,286,980</u>
RESERVES					
Accumulated fund	11		<u>1,484,305</u>		<u>1,286,980</u>

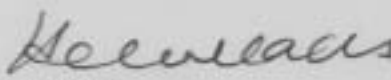
These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors.

26th October 2005

David Moorcroft
Director



Helen Jacobs
Director



The notes on pages 8 to 16 form part of the financial statements.

CASH FLOW STATEMENT
Year to 31 March 2005

	Note	2005 £	2004 £
Cash flow from operating activities	12	818,616	220,427
Returns on investments and servicing of finance			
Interest received		120,648	78,261
Taxation		(7,519)	(36,406)
Capital expenditure			
Purchase of tangible fixed assets		<u>(166,023)</u>	<u>-</u>
Increase in cash in the period		<u>765,722</u>	<u>262,282</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2005 £
Increase in cash in the period		765,722
Net funds at 1 April 2004		<u>2,007,487</u>
Net funds at 31 March 2005	13	<u>2,773,209</u>

The notes on pages 8 to 16 form part of the financial statements.

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

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.

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	3 years
Office equipment	5 years
Leasehold improvements	7 years

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.

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005	2004
	£	£
Directors' remuneration		
Emoluments	390,072	350,539
Contribution to a money purchase pension scheme	34,098	29,282
	No.	No.
Number of directors who are members of a money purchase scheme	3	3
Remuneration of the highest paid director		
Emoluments	98,345	95,481
Company contributions to a money purchase scheme	8,212	7,963
	£	£
Employee costs during the year (including directors)		
Wages and salaries	3,087,649	2,859,209
Social security costs	309,814	285,668
Pension costs	239,485	215,453
	3,636,948	3,360,330
	No.	No.
Average number of employees by category		
Development	17	15
Performance	42	43
Competition	4	3
Chief Executive's Office & Communications	8	10
Strategy	3	2
Operations	20	20
Full-time equivalents	94	93
UK Athletics also employs the following number staff to deliver local athletics on a part time basis	116	108

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

3. GRANTS

Grants include the following:	2005 £	2004 £
Sport England	2,086,878	1,899,736
UK Sport	3,293,747	3,322,497
World and European athletics bodies	54,667	45,608
Sportmatch	27,152	50,000
British Athletic Foundation	30,000	80,000
Foundation for Sport and the Arts	340,274	-
Other	37,301	83,343
	<u>5,870,019</u>	<u>5,481,184</u>

4. SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES

Surplus/(deficit) from operating activities is stated
after charging:

Auditors' remuneration	16,500	20,300
Operating lease expenditure – land and buildings	118,870	83,113
Operating lease expenditure – other	114,451	102,686
Depreciation of tangible fixed assets	17,626	11,113

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

5. TAX ON SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

Analysis of the tax charge/(credit) in the year

	2005 £	2004 £
Current tax		
Corporation tax at 30% (2004:19%) based on the profit for the year	53,252	7,434
Adjustment in respect of prior periods	-	(46,507)
	<u>53,252</u>	<u>(39,073)</u>
Deferred tax		
Origination and reversal of timing differences	17,893	(12,672)
Adjustment in respect of prior years	-	1,492
	<u>17,893</u>	<u>(11,180)</u>
	<u>71,145</u>	<u>(50,253)</u>

Factors affecting the tax charge/(credit) for the year

The current tax charge/(credit) arising in respect of the year is different from the standard rate of UK corporation tax of 30% (2004 - 19%). The differences are explained below.

	£	£
Surplus/(deficit) on ordinary activities before tax	<u>268,470</u>	<u>(58,064)</u>
Surplus/(deficit) multiplied by standard rate of 30% (2004:19%)	80,541	(11,032)
Effects of:		
Expenses not deductible for tax purposes	600	6,208
Depreciation in excess of capital allowances	4,847	10,056
Movement in short term timing differences	-	2,616
Marginal relief	(32,736)	(414)
Prior period adjustments	-	(46,507)
	<u>53,252</u>	<u>(39,073)</u>
Current tax charge/(credit) for the year	<u>53,252</u>	<u>(39,073)</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Office equipment £	Total - £
Cost				
At 1 April 2004	-	60,053	28,315	88,368
Additions	151,886	11,520	2,617	166,023
At 31 March 2005	151,886	71,573	30,932	254,391
Depreciation				
At 1 April 2004	-	56,874	26,899	83,773
Charge for the year	10,849	5,099	1,678	17,626
At 31 March 2005	10,849	61,973	28,577	101,399
Net book value				
At 31 March 2005	141,037	9,600	2,355	152,992
At 31 March 2004	-	3,179	1,416	4,595

7. DEBTORS

	2005 £	2004 £
Trade debtors	1,314,366	1,424,147
Other debtors	118,429	94,653
Deferred tax	21,390	39,283
Value added tax	302,298	194,004
Prepayments and accrued income	1,645,743	1,417,870
	<u>3,402,226</u>	<u>3,169,957</u>

Trade debtors include sponsorship and TV rights invoiced at the end of the period, but not contractually due until April 2005.

**Movement on deferred taxation
balance in the period**

Opening balance	39,283	28,103
(Debit)/credit to profit and loss account	(17,893)	11,180
Closing balance	<u>21,390</u>	<u>39,283</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

Analysis of deferred tax balance	2005 £	2004 £
Capital allowances in excess of depreciation	17,679	33,482
Short term timing differences	3,711	5,801
	<u>21,390</u>	<u>39,283</u>

8. CASH

Income received from the various Sports Councils is held within a trust account under a formal Trust Deed protecting it in the event of a forced distribution of assets, and can only be applied to specified expenditure. Balances in the Trust account are reported in the accounts as Restricted Cash, and the related income as tied.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	158,754	-
Trade creditors	647,693	588,682
Other taxation and social security	98,469	93,097
Corporation tax	53,252	7,519
Other creditors	747,471	21,177
Deferred income	1,434,921	1,173,173
Accruals	1,095,752	1,094,211
	<u>4,236,312</u>	<u>2,977,859</u>

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

The bank overdraft is a timing difference. At the year end there was a positive balance on the company's accounts at the banks.

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

10. PROVISIONS

The company has been in discussion with HM Revenue & Customs about whether all its activities classify as "business activities" for VAT purposes. Discussions are drawing to a conclusion with HMRC, and provision has been made within creditors for the anticipated amount due. Should the final assessment from HMRC show any over provision on the lottery funded programmes it is expected that these will be repayable to the various Sports Councils and a provision has been made for this amount.

	£
Balance at 1 April 2004	917,200
Provided for in the year	418,400
Transferred to creditors	<u>(727,790)</u>
Balance at 31 March 2005	<u>607,810</u>

11. ACCUMULATED FUND

Balance at 1 April 2004	1,286,980
Surplus for the period	<u>197,325</u>
Balance at 31 March 2005	<u>1,484,305</u>

12. RECONCILIATION OF SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES TO OPERATING CASH FLOWS

	2005 £	2004 £
Operating surplus/(deficit)	147,822	(136,325)
Depreciation	17,626	11,113
(Increase)/decrease in debtors	(250,162)	544,034
Increase/(decrease) in creditors	1,212,720	(1,115,595)
(Decrease)/increase in provisions	<u>(309,390)</u>	<u>917,200</u>
Net cash inflow from operating activities	<u>818,616</u>	<u>220,427</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

13. ANALYSIS OF NET FUNDS

	At 1 April 2004	Cash Flow	At 31 March 2005
	£	£	£
Cash at bank and in hand	2,007,487	765,722	2,773,209
Bank overdraft	-	(158,754)	(158,754)
	<u>2,007,487</u>	<u>606,968</u>	<u>2,614,455</u>

14. OPERATING LEASE COMMITMENTS

At 31 March 2005, the group had annual commitments under non-cancellable operating leases as set out below:-

	At 31 March 2005		At 31 March 2004	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	-	-	-	92,659
In second to fifth year	-	21,792	-	2,797
In more than five years	189,598	-	-	-
	<u>189,598</u>	<u>21,792</u>	<u>-</u>	<u>95,456</u>

15. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 March 2004 or 31 March 2005.

NOTES TO THE ACCOUNTS
Year ended 31 March 2005

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 2005 £	Income £	Debtor at 31 March 2004 £
Amounts receivable:				
Young Athletes League	6,883	-	278	-
London Marathon Ltd	-	-	13,485	4,006
British Athletic Foundation	815	-	517	9,172
Athletics Foundation	925	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Costs £	Creditor at 31 March 2005 £	Costs £	Creditor at 31 March 2004 £
Amounts payable:				
Young Athletes League	47,048	-	94,000	-
London Marathon Limited	1,483	-	1,715	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

UK Athletics Limited is the sole Trustee of both the British Athletic Foundation and the British Athletics Benevolent Fund, and sole Member of the Athletics Foundation with the right to appoint Trustees, all charities registered in England.

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

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. There are five members of the company.