

Company Registration No. 3686940

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

Report and Financial Statements

31 March 2002

Deloitte & Touche
Birmingham

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent Auditors' report	4
Income and expenditure account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2002

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 (appointed 8 September 2001)
J Taylor (appointed 1 January 2003)

SECRETARY

H J Jacobs (appointed 8 September 2001)
H Wyeth (resigned 8 September 2001)

REGISTERED OFFICE

10 Harborne Road
Edgbaston
Birmingham
B15 3AA

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
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 2002.

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 AND DIVIDEND

The surplus for the period of £133,529 (2001: £933,261) is primarily due to the income from TV rights and success in gaining sponsorship and the profit made on the major competitive events. These factors coupled with a controlled build up of infra structure cost resulted in the surplus exceeding the board's expectations. The increase in reserves to £1,209,149 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.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 31 March 2002 the trade, assets and liabilities of Performance Athlete Services Limited were hived-up in to the company, the directors consider that the company will continue to trade satisfactorily.

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

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



24/3/02

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 period ended 31 March 2002 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, reconciliation of net cashflows to movement in net funds and the related notes 1 to 20. 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 2002 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Neville J. Bourne

Deloitte & Touche

Chartered Accountants and Registered Auditors

Birmingham

7 April 2003

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
Year to 31 March 2002

	Note	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001 (as restated)
		£	£
INCOME			
Sponsorship and promotions	3	9,632,157	12,395,613
Grants	5	537,832	715,238
Other income		349,408	406,938
Donation		33,678	-
Income from initiatives		249,066	130,517
		<u>10,802,141</u>	<u>13,648,306</u>
EXPENDITURE			
Event promotion and initiatives		7,893,899	9,570,960
Competition co-ordination		203,750	187,965
Development		1,569,394	1,062,990
Anti-doping and related		(15,997)	230,125
Strategy and co-ordination		332,851	339,360
Promotion and communication		555,501	419,124
Direct regional, club and league support		59,183	65,919
National Athletics Centre		94,012	42,514
Gift aid donation to British Athletics Foundation		0	500,000
		<u>10,692,593</u>	<u>12,418,957</u>
SURPLUS FROM OPERATING ACTIVITIES	6	109,548	1,229,349
Interest received		<u>62,346</u>	<u>178,715</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		171,894	1,408,064
Tax on ordinary activities	7	<u>(38,365)</u>	<u>(474,803)</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>133,529</u>	<u>933,261</u>

* For details of restatement please see note 2.

All income and expenditure derives from continuing activities.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year to 31 March 2002

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001 (as restated)
	£	£
Surplus for the financial year	133,529	933,261
Total recognised gains and losses relating to the year	133,529	933,261
Prior year adjustment*	24,057	
Total gains and losses recognised since last annual report	157,586	

* For details of restatement please see note 2.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

BALANCE SHEET
31 March 2002

	Note	31 March 2002		31 March 2001 (as restated)	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		(68,775)		-
Tangible assets	9		30,463		69,219
Investment	11		2		2
CURRENT ASSETS					
Debtors	12	4,709,722		5,678,887	
Cash at bank and in hand					
Free cash		796,074		1,725,926	
Restricted cash	13	498,009		-	
		<u>6,003,805</u>		<u>7,404,813</u>	
CREDITORS: amounts falling due within one year	14	<u>(4,756,346)</u>		<u>(6,398,415)</u>	
NET CURRENT ASSETS			<u>1,247,459</u>		<u>1,006,398</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,209,149</u>		<u>1,075,619</u>
RESERVES					
Accumulated fund	15		<u>1,209,149</u>		<u>1,075,619</u>

* For details of restatement please see note 2.

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

David Moorcroft

 24.3.03

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
Year to 31 March 2002

	Note	Note	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
			£	£
Cash flow from operating activities	16		(487,140)	685,184
Returns on investments and servicing of finance				
Interest received			62,346	178,715
Taxation			(474,642)	(39,471)
Capital expenditure and financial investment				
Purchase of tangible fixed assets			(56,304)	(17,317)
Acquisitions and disposals	10			
Consideration		(106,543)		
Cash acquired		630,440		
			523,897	-
(Decrease)/Increase in cash in the period			<u>(431,843)</u>	<u>807,111</u>

		Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
		£	£
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the period	17	(431,843)	807,111
Net funds at 1 April 2001/1 January 2000		1,725,926	918,815
Net funds at 31 March 2002/31 March 2001		<u>1,294,083</u>	<u>1,725,926</u>

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

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

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 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 crystallise 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 is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. 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
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

2. PRIOR YEAR ADJUSTMENTS

Following the adoption of Financial Reporting Standard 19 "Deferred Tax" during the current year, comparative figures have been restated in the company's income and expenditure account, balance sheet, statement of total recognised gains and losses and the notes to the accounts. The effect on the company's previously reported results and net assets for 2001 has been to convert a surplus for the year of £901,002 to a surplus of £933,261 and to increase net assets by £24,057. The effect of the change in accounting policy has been to increase the company surplus for the year by £10,727 (2001 – increase of £32,259).

In the year to 31 March 2001, central services and administrative costs were separately stated in the income and expenditure account. This has now been restated by allocating an appropriate amount to the other expenditure categories to reflect a truer cost of running those activities. This treatment has been adopted for both periods reported in these financial statements and has no effect on the surplus for either period.

3. 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.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	£	£
Directors' remuneration		
Emoluments	200,441	165,773
Contribution to a money purchase pension scheme	13,262	11,146
	No	No
Number of directors who are members of a money purchase scheme	3	2
Remuneration of the highest paid director		
Emoluments	82,987	-
Company contributions to a money purchase scheme	5,975	-

UK ATHLETICS LIMITED
 (A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
 Year ended 31 March 2002

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES CONTINUED

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	£	£
Employee costs during the year (including directors)		
Wages and salaries	841,979	654,425
Social security costs	82,251	61,575
Pension costs	47,460	38,147
	<u>971,690</u>	<u>754,147</u>
	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	No	No
Average number of employees by category		
Development	14.0	9.0
Competition	3.0	2.5
Chief Executive's Office & Communications	8.5	6.5
Operations	13.5	8.0
	<u>39.0</u>	<u>26.0</u>

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

5. GRANTS

Grants include the following:

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	£	£
Sport England	-	7,500
UK Sport	461,160	569,545
International Amateur Athletic Federation	-	31,827
Sportsmatch	30,000	50,000
Other	46,672	56,366
	<u>537,832</u>	<u>715,238</u>

6. OPERATING SURPLUS

Operating surplus income over expenditure
is after charging:

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	£	£
Auditors' remuneration	12,000	10,000
Depreciation of tangible fixed assets	40,994	39,416
Write off of tangible fixed assets	54,066	-
	<u>107,060</u>	<u>88,416</u>

7. TAX ON SURPLUS ON ORDINARY ACTIVITIES

Analysis of the tax charge in the year

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	£	£
Current tax		
Corporation tax at 30% based on the profit for the year	58,528	507,062
Adjustment in respect of prior periods	(9,436)	-
	49,092	507,062
Deferred tax		
Adjustment in respect of prior years	(9,019)	(32,259)
	(1,708)	-
	<u>47,384</u>	<u>474,803</u>

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

7 TAX ON SURPLUS ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting the tax charge for the year

The current tax charge arising in respect of the year is higher (2001 – higher) than the standard rate of UK corporation tax (30%). The differences are explained below.

	Year to 31 March 2002	Period from 1 January 2000 to 31 March 2001
	£	£
Surplus on ordinary activities before tax	171,904	1,408,064
Expected charge at 30%	51,571	422,419
Effects of:		
Expenses not deductible for tax purposes	10,742	52,986
Capital allowances in excess of depreciation	28,384	5,990
Movement in short term timing differences	(19,365)	25,667
Rounding	1	-
Marginal relief	(12,805)	-
Prior period adjustments	(9,436)	-
Current tax charge for the year	49,092	507,062

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

8. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 April 2001	-
Additions	(68,775)
Written off	-
At 31 March 2002	<u>(68,775)</u>
Amortisation	
At 1 April 2001	-
Charge for the period	-
Written off	-
At 31 March 2002	<u>-</u>
Net book value	
At 31 March 2002	<u>(68,775)</u>
At 31 March 2001	<u>-</u>

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.

9. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Building improvements £	Total £
Cost				
At 1 April 2001	68,648	48,162	5,023	121,833
Additions	35,069	18,715	2,520	56,304
Written off	(43,664)	(38,562)	(7,543)	(89,769)
At 31 March 2002	<u>60,053</u>	<u>28,315</u>	<u>-</u>	<u>88,368</u>
Accumulated depreciation				
At 1 April 2001	35,883	15,333	1,398	52,614
Charge for the period	29,037	10,868	1,089	40,994
Written off	(22,588)	(10,628)	(2,487)	(35,703)
At 31 March 2002	<u>42,332</u>	<u>15,573</u>	<u>-</u>	<u>57,905</u>
Net book value				
At 31 March 2002	<u>17,721</u>	<u>12,742</u>	<u>-</u>	<u>30,463</u>
At 31 March 2001	<u>32,765</u>	<u>32,829</u>	<u>3,625</u>	<u>69,219</u>

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

10. TRANSFER OF TRADE AND ASSETS

On 31 March 2002 the trade, the following assets and liabilities of Performance Athlete Services Limited were hived-up into the company:

	Note	Book value £
Debtors		72,042
Cash		630,440
Creditors		<u>(527,164)</u>
		175,318
Consideration: settled by inter-company account		<u>(106,543)</u>
Negative goodwill	8	<u>68,775</u>

The directors consider the net book value of the assets to reflect their fair value.

11. INVESTMENTS HELD AS FIXED ASSETS

	2002 £	2001 £
Investment in subsidiary held at cost	<u>2</u>	<u>2</u>

The investment represents 100% of the ordinary share capital of World Championships in Athletics London 2005 Limited, a company incorporated in England and Wales.

12. DEBTORS

	2002 £	2001 Restated £
Trade debtors	2,836,385	4,494,616
Other debtors	458,617	402,841
Deferred tax	34,784	24,057
Value added tax	197,174	-
Prepayments and accrued income	<u>1,182,762</u>	<u>757,373</u>
	<u>4,709,722</u>	<u>5,678,887</u>

Trade debtors include sponsorship and TV rights invoiced at the end of the period, but not contractually due until April 2002.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

12. DEBTORS (CONTINUED)

	2002	2001
		Restated
	£	£
Movement on deferred taxation balance in the period		
Opening balances	24,057	(8,202)
Credit to profit and loss account	10,727	32,259
Closing balance	<u>34,784</u>	<u>24,057</u>
	2002	2001
		Restated
	£	£
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	28,482	(1,610)
Short term timing differences	6,302	25,667
	<u>34,784</u>	<u>24,057</u>

13. CASH

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade creditors	353,023	419,864
Value added tax	-	295,600
Other taxation and social security	88,175	18,687
Corporation tax	102,040	527,591
Other creditors	31,695	12,959
Deferred income	1,442,848	3,064,596
Accruals	2,738,565	2,059,118
	<u>4,756,346</u>	<u>6,398,415</u>

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

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

15. ACCUMULATED FUND

	£
Balance at 1 April 2001	1,051,563
Prior period adjustment	24,057
Surplus for the period	<u>133,529</u>
Balance at 31 March 2002	<u>1,209,149</u>

16. RECONCILIATION OF SURPLUS FROM OPERATING ACTIVITY TO OPERATING CASH FLOWS

	Year to 31 March 2002 £	Period from 1 January 2000 to 31 March 2001 £
Operating surplus	109,548	1,229,349
Depreciation	40,994	39,416
Write off of fixed assets	54,066	-
Increase in debtors	1,051,934	(771,620)
Increase in creditors	<u>(1,743,682)</u>	<u>188,039</u>
Net cash (outflow)/inflow from operating activities	<u>(487,140)</u>	<u>685,184</u>

17. ANALYSIS OF NET FUNDS

	At 31 March 2001 £	Cash Flow £	At 31 March 2002 £
Cash at bank and in hand	<u>1,725,926</u>	<u>(431,843)</u>	<u>1,294,083</u>

18. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 March 2001 or 31 March 2002.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

19. 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 2002 £	Costs £	Creditor at 31 March 2002 £
Performance Athlete Services Limited	363,343	-	111,292	-
British Athletic Foundation	5,000	81,758	17,213	18
British Athletics Benevolent Fund	-	-	-	-
World Championships in Athletics 2005 Limited	458	458	-	-
UK Athletics 98 Limited	-	110	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
In addition, the following transactions took place in respect of sponsorship agreements:				
Performance Athlete Services Limited	-	-	462,821	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Mr David Moorcroft and Mr Maxwell Jones were also directors of Performance Athlete Services Limited. In addition to the disclosed transactions above, UK Athletics provided an indemnity to Performance Athlete Services Limited for unpaid Schedule E taxation liabilities relating to the years 1997 to 2001.

UK Athletics Limited is the sole Trustee of both British Athletic Foundation and British Athletics Benevolent Fund, charities registered in England.

World Championships in Athletics 2005 Limited is a wholly owned subsidiary of UK Athletics Limited.

UK Athletics Limited was the beneficiary of a commercial contract with Reebok UK, which was entered into by UK Athletics 98 Limited and transferred upon UK Athletics Limited being acknowledged as the governing body for athletics in the UK.

20. GUARANTEE

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