

Company Registration No. 3686940

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

Report and Financial Statements

For the year ended 31 March 2007

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS 2007

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UK ATHLETICS LIMITED
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REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I R Fox
Dame T C D Grey-Thompson (appointed 14th May 2007)
Z Hyde Peters
H J Jacobs (resigned 31st December 2006)
D R Moorcroft (resigned 1st February 2007)
R M Simons
B F Smith (resigned 31st December 2006)
J R Taylor
N E de Vos (appointed 1st May 2007)
A J Walker (resigned 30th April 2007)
E W Warner (appointed 9th January 2007)

REGISTERED OFFICE

Athletics House
Central Boulevard
Blythe Valley Park
Solihull
B90 8AJ

BANKERS

National Westminster Bank plc
30a Harborne Road
Edgbaston
Birmingham
B15 3AA

SOLICITORS

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

AUDITORS

haysmacintyre
Chartered Accountants
Fairfax House
15 Fulwood Place
London WC1V 6AY

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
Year to 31 March 2007

The directors present their annual report and the audited financial statements for the year to 31 March 2007.

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 results for the year after taxation show a surplus of £190,633 (prior year deficit £634,438).

The company has continued to invest from its successful commercial programmes to accelerate the modernisation of the sport across the UK, as well as continuing to make significant monetary commitments to the nation wide development of athletics.

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

During the year UK Athletics has started to benefit from the extension of the Norwich Union commitment to athletics until the end of 2012. The new agreement commenced from 1st January 2007 and represents the largest UK sponsorship deal outside football and is worth nearly £50,000,000 to the sport over the full term. This relationship provides a sound financial basis for the sport going forward.

See the Annual Review for further information.

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.

FINANCIAL INSTRUMENTS

The company finances its operations using bank balances and overdraft, if necessary, plus debtors and creditors. The cash flow is also regularly monitored.

RISKS AND UNCERTAINTIES

The Board of directors will continue to review the risks and uncertainties facing the company in the year ending 31 March 2008. The organisation is dependant on continuing sponsorship, broadcasting income and Lottery funding. As long as these continue the company has a sound financial basis.

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
Year to 31 March 2007

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

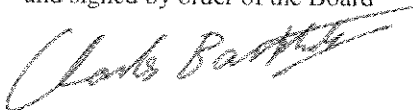
haysmacintyre have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

AUDIT INFORMATION

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

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



Charles Bartholomew
Company Secretary

25 October 2007

**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 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 auditor's 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

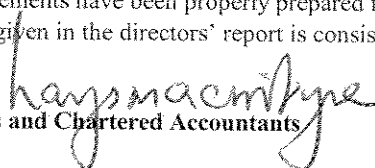
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

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



25 October 2007

UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
Year to 31 March 2007

	Note	2007 £	2006 £
INCOME			
TV Events		7,792,759	7,264,800
World Class, Performance, GB & NI team		5,915,222	4,792,515
Sponsorship, grants and other income		8,267,695	6,064,771
		<u>21,975,676</u>	<u>18,122,086</u>
EXPENDITURE			
TV Events		6,766,241	6,806,324
World Class, Performance, GB & NI team		5,915,222	5,484,971
Development, governance and operations		9,203,831	6,663,764
		<u>21,885,294</u>	<u>18,955,059</u>
SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES	4	90,382	(832,973)
Interest received		<u>123,767</u>	<u>157,787</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		214,149	(675,186)
Tax (charge)/credit on ordinary activities	5	<u>(23,516)</u>	<u>40,748</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u><u>190,633</u></u>	<u><u>(634,438)</u></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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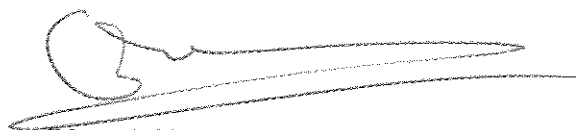
BALANCE SHEET
31 March 2007

	Note	2007		2006	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6	530,371		363,845	
Investments	7	50,001		-	
			580,372		363,845
CURRENT ASSETS					
Debtors	8	3,560,959		1,847,761	
Cash at bank and in hand					
Cash		1,429,492		1,870,116	
Restricted cash	9	2,836,342		1,601,311	
		7,826,793		5,319,188	
CREDITORS: amounts falling due within one year	10	(7,366,665)		(4,833,166)	
NET CURRENT ASSETS			460,128		486,022
TOTAL ASSETS LESS CURRENT LIABILITIES			1,040,500		849,867
RESERVES					
Accumulated fund	11		1,040,500		849,867

The financial statements were approved and authorised for issue by the Board of Directors on 25 October 2007 and were signed below on its behalf by:



Niels de Vos
Director



Edmond Warner
Director

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

UK ATHLETICS LIMITED
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CASH FLOW STATEMENT
Year to 31 March 2007

	Note	2007 £	2006 £
Cash inflow/(outflow) from operating activities	12	971,735	(83,891)
Returns on investments and servicing of finance			
Interest received		123,767	157,787
Taxation		6,655	(53,252)
Capital expenditure			
Purchase of tangible fixed assets		(307,750)	(240,383)
Increase/(decrease) in cash in the period		<u>794,407</u>	<u>(219,739)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £
Increase in cash in the period	794,407
Net funds at 1 April 2006	<u>3,471,427</u>
Net funds at 31 March 2007	<u>4,265,834</u>

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

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS

Year ended 31 March 2007

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.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2007

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007	2006
	£	£
Directors' remuneration		
Emoluments	384,364	367,714
Contribution to a money purchase pension scheme	52,064	31,513
	No.	No.
Number of directors who are members of a money purchase scheme	3	3
Remuneration of the highest paid director		
Emoluments	116,786	101,295
Company contributions to a money purchase scheme	29,746	8,458
	£	£
Employee costs during the year (including directors)		
Wages and salaries	4,492,414	3,451,262
Social security costs	492,413	347,417
Pension costs	366,035	228,485
	5,350,862	4,027,164

Average number of employees by category	2007			2006		
	Head Office	Performance Centres etc	Total	Head Office	Performance Centres etc	Total
Athlete Development including Competitions	24	-	24	15	2	17
Chief Executive's Office & Board	3	1	4	4	1	5
Business Development, Communications, HR	19	2	21	12	1	13
Operations	18	1	19	17	1	18
Sub-totals	64	4	68	48	5	53
Performance	14	35	49	11	30	41
Athletics Services	2	-	2	-	-	-
Total whole time equivalents	80	39	119	59	35	94

	2007	2006
For tax reasons UK Athletics also employed the following number of staff to deliver local athletics on a part time basis. They may have worked only for a few hours or days, for example providing coaching courses.	205	127

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS

Year ended 31 March 2007

3. GRANTS RECEIVED

Grants include the following:

	2007	2006
	£	£
Sport England	1,626,041	2,746,034
UK Sport	5,041,767	2,864,906
World and European athletics bodies	56,008	30,601
Sportsmatch	-	2,848
Athletics Foundation	497,826	348,500
Foundation for Sport and the Arts	126,350	133,376
Other	141,486	33,086
	<u>7,489,478</u>	<u>6,159,351</u>

4. SURPLUS/(DEFICIT) FROM OPERATING ACTIVITIES

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

Auditors' remuneration	17,500	16,800
Operating lease expenditure – land and buildings	173,949	94,800
Operating lease expenditure – other	17,686	2,874
Depreciation of tangible fixed assets	141,224	29,530
	<u>349,359</u>	<u>143,904</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS

Year ended 31 March 2007

5. TAX CHARGE/(CREDIT) ON ORDINARY ACTIVITIES

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

	2007	2006
	£	£
Current tax		
Corporation tax at 30% (2006:30%) based on the surplus/(deficit) for the year	23,516	(53,252)
Adjustment in respect of prior periods	-	9,717
	<u>23,516</u>	<u>(43,535)</u>
Deferred tax		
Origination and reversal of timing differences	-	2,787
	<u>23,516</u>	<u>(40,748)</u>

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

The current tax credit arising in respect of the year is different from the standard rate of UK corporation tax of 19% (2006 - 30%). The differences are explained below.

	£	£
Surplus/(deficit) on ordinary activities before tax	214,149	(675,186)
Surplus/(deficit) multiplied by standard rate of 19% (2006:30%)	40,688	(202,556)
Effects of:		
Expenses not deductible for tax purposes	2,204	37,175
Movement in provisions	8,746	-
Capital allowances in excess of depreciation	(1,649)	(33,302)
Marginal relief	-	1,252
Prior year adjustment	-	9,717
Use of losses brought forward	(26,473)	-
Losses carried forward	-	144,179
Current tax charge/(credit) for the year	<u>23,516</u>	<u>(43,535)</u>

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2007

6. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
Cost				
At 1 April 2006	217,963	183,143	33,615	434,721
Additions	14,300	266,450	27,000	307,750
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	232,263	449,593	60,615	742,471
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2006	32,548	9,228	29,100	70,876
Charge for the year	33,345	106,819	1,060	141,224
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	65,893	116,047	30,160	212,100
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2007	166,370	333,546	30,455	530,371
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2006	185,415	173,915	4,515	363,845
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7. INVESTMENTS

	Investments in joint ventures £
At 1 April 2006	-
Additions	50,001
	<hr/>
At 31 March 2007	50,001
	<hr/> <hr/>

During the year, the company invested £50,001 in Athletics Plus Limited, a new company registered in England and Wales. The investment represents 50% of the share capital of the company.

8. DEBTORS

	2007 £	2006 £
Trade debtors	1,296,940	218,735
Other debtors	569,155	109,152
Deferred tax	18,603	18,603
Corporation tax recoverable	36,880	43,535
Value added tax	199,236	248,782
Prepayments and accrued income	1,440,145	1,208,954
	<hr/>	<hr/>
	3,560,959	1,847,761
	<hr/> <hr/>	<hr/> <hr/>

The increase in trade debtors of £1,078k is mainly due to the contractual payment schedule of a major sponsor (£587k) and sponsorship falling due (£377k). These amounts were both received in April 2007.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2007

8. DEBTORS (continued)

Movement on deferred taxation balance in the period	2007 £	2006 £
Opening balance	18,603	21,390
Debit to profit and loss account	-	(2,787)
Closing balance	<u>18,603</u>	<u>18,603</u>

Analysis of deferred tax balance

Capital allowances in excess of depreciation	14,839	14,839
Short term timing differences	3,764	3,764
	<u>18,603</u>	<u>18,603</u>

9. 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.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	872,467	765,625
Other taxation and social security	181,451	137,367
Other creditors	474,249	396,682
Deferred income	4,491,220	2,410,078
Corporation tax	23,516	-
Accruals	1,323,762	1,123,414
	<u>7,366,665</u>	<u>4,833,166</u>

Deferred income represents amounts invoiced or received in advance of events and activities due to take place in the following year. The increase in deferred income of £2,068k is mainly due to 2007/08 lottery monies and major sponsorship for the first quarter of 2007/08 received in advance.

UK ATHLETICS LIMITED
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NOTES TO THE ACCOUNTS
Year ended 31 March 2007

11. ACCUMULATED FUND

	£
Balance at 1 April 2006	849,867
Surplus for the period	190,633
	<hr/>
Balance at 31 March 2007	1,040,500
	<hr/> <hr/>

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

	2007	2006
	£	£
Operating surplus/(deficit)	90,382	(832,973)
Depreciation	141,224	29,530
(Increase)/decrease in debtors	(1,719,853)	518,502
Increase in creditors	2,457,982	808,860
Decrease in provisions	-	(607,810)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	971,735	(83,891)
	<hr/> <hr/>	<hr/> <hr/>

13. ANALYSIS OF NET FUNDS

	At 1 April 2006	Cash Flow	At 31 March 2007
	£	£	£
Cash at bank and in hand	3,471,427	794,407	4,265,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. OPERATING LEASE COMMITMENTS

At 31 March 2007, the group had annual commitments under non-cancellable operating leases as set out below:-

	At 31 March 2007		At 31 March 2006	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	-	-	-	2,687
In second to fifth year	-	6,384	-	4,637
In more than five years	199,050	15,959	189,598	-
	<hr/>	<hr/>	<hr/>	<hr/>
	199,050	22,343	189,598	7,324
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE ACCOUNTS
Year ended 31 March 2007

15. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 March 2006 or 31 March 2007.

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	Income	Debtor at
Amounts receivable:	£	31 March	£	31 March
	£	2007	£	2006
	£	£	£	£
Athletics Foundation	508,740	-	353,560	10,500

UK Athletics Limited is the sole member of the Athletics Foundation, it has the right to review proposed Trustee appointments.

The Athletics Foundation is a charitable company incorporated in England and Wales.

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. The members of the company are the sixteen members of the Council.