

**UK Athletics Limited**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2015**

**Company Registration Number: 03686940**

**UK Athletics Limited**  
**Annual Report and Financial Statements**

---

## **Contents**

**For the year ended 31 March 2015**

Company Information	2
Directors' Report	3
Strategic Report	6
Independent Auditor's Report to the Members of UK Athletics Limited	9
Statement of Income and Expenditure	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Financial Statements	15

**UK Athletics Limited**  
**Annual Report and Financial Statements**

---

## **Company Information**

**For the year ended 31 March 2015**

### **MEMBERS COUNCIL**

C Anthony  
Lord S Coe  
R Corry  
L Davies  
W Haxell  
P King

K May  
K Reed  
N Rowe  
L Roy  
R Simons

### **DIRECTORS**

T J Colton  
J Gardener  
S L Rowell  
S Smart  
K Taylor

N E de Vos  
A Wafula Strike  
E W Warner  
W R Worth

### **COMPANY SECRETARY**

K Taylor

### **COMPANY REGISTRATION NUMBER**

03686940

### **REGISTERED OFFICE**

Athletics House  
Alexander Stadium  
Walsall Road  
Perry Barr  
Birmingham  
B42 2BE

### **BANKERS**

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

Lloyds Bank Plc  
125 Colmore Row  
Birmingham  
B3 3SF

### **SOLICITORS**

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

### **AUDITOR**

Mazars LLP  
St Katharine's Way  
London  
E1W 1DD

## **Directors' Report**

**For the year ended 31 March 2015**

The Directors present their annual report and the audited financial statements for the year ended 31 March 2015.

### **Principal activities**

The principal activities of the Company during the year were to carry out the functions of the National Governing Body of athletics in the UK as required by the International Association of Athletics Federations. In particular these responsibilities include the preparation and selection of Great Britain and Northern Ireland ("GB & NI") teams to compete in European and World Championships. The company works in close partnership with UK Sport in the delivery and management of its elite performance programme.

The company stages and promotes a number of televised athletics events, most notably two IAAF Diamond League meetings, which generate revenues to fund the operational costs of the National Governing Body and the services it provides.

The Company continues to provide strategic leadership in the development of the sport of athletics across the UK, working in partnership with Home Country Athletics Federations, who lead on the delivery of strategy at grass roots through clubs, schools and participation programmes.

### **Results**

The deficit after taxation for the year is £540,244 (2014: Surplus - £841,325) and total comprehensive income for the year is a deficit of £91,403. (2014: Surplus - £841,325)

### **Reserves**

The Company's Income and Expenditure Reserve as at 31 March 2015 is £2,800,156 (2014: £3,340,400).

The Company also has a cash flow hedge reserve for which the balance as at 31 March 2015 is £448,841 (2014: £nil). This reserve relates to an advance purchase of U.S. dollars in order to meet the Company's commitment to pay the prize money at the 2017 IAAF World Championship of Athletics. This commitment forms part of the Company's funding of these Championships. Refer to note 19 to the financial statements for further details.

### **Directors**

The Directors who served during the year and to the present date are listed on page 1. All directors served throughout the year other than A Wafula Strike, who was appointed on 5 December 2014.

### **Directors' and Officers' liability insurance**

Directors' and Officers' liability insurance was in place throughout the year.

### **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 alongside the active operation of an employee forum.

## **Directors' Report**

**For the year ended 31 March 2015**

### **Volunteers**

The Directors would like to offer their appreciation for all those individuals who have given their time and expertise freely for the benefit of athletics and without whom our wonderful sport could not take place. The efforts of volunteers involved in clubs, coaching, officiating, advisory groups, UK Members Council and other administrative roles are invaluable. We give our thanks to each of our volunteers for their enormous contribution to our sport.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### **Matters covered in the Strategic Report**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to the business review, key performance indicators and principal risks and uncertainties.

### **Audit information**

The Directors at the time when this Directors' Report is approved have confirmed that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

## **Directors' Report**

**For the year ended 31 March 2015**

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

A handwritten signature in black ink, appearing to read 'Kevan Taylor', with a stylized flourish at the end.

**Kevan Taylor, Company Secretary**

Date: 28 July 2015

## **Strategic Report**

**For the year ended 31 March 2015**

The Directors present their Strategic Report on the Company for the year ended 31 March 2015.

### **Business review**

Great Britain & Northern Ireland athletes enjoyed record-breaking medal hauls at both the 2014 European Championships in Zurich and the IPC European Championships in Swansea.

Twelve gold medals, five silver medals and six bronze medals were the reward for the GB & NI team in Switzerland and this success was followed by sixteen gold medals, nineteen silver medals and seventeen bronze medals in Wales. Congratulations are due to each athlete for their performances at these Championships, which are important steps on both the path to the Olympic and Paralympic Games in Rio in 2016 and the IAAF and IPC World Championships in London in 2017.

As anticipated, our total income at £21,358,371 is lower than in the prior year (£26,365,805) as the Olympic Stadium was unavailable to host our 2014 Anniversary Games due to building works. Our commercial income streams during the year included income for our major outdoor and indoor event series totalling £9,555,123 (2014: £15,464,284) and other sponsorship income of £1,757,158 (2014: £1,485,998).

The annual deficit of £540,244 reported was expected following a number of years of surplus.

During the year, the Directors decided to adopt FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* as the new accounting and financial reporting framework to replace previous UK GAAP accounting standards. Further details regarding the explanation of transition to FRS 102 are provided in note 24 to the financial statements.

The Company's total comprehensive income for the year is a deficit of £91,403 (2014: surplus of £843,325), after recognising other comprehensive income of £448,841 which relates to the Company's commitment to pay prize funds at the 2017 IAAF World Championships. Further details are provided in note 19 to the financial statements.

In accordance with the Company's Articles of Association, no dividend can be paid. This position is unchanged since the Company's incorporation.

### **Financial Key Performance Indicators**

Key performance indicators are measured and reviewed on a regular basis to enable the business to set its performance targets and monitor its performance against these targets.

Total income at £21.4m fell in this financial year (down 19%), primarily because the crowds for our televised events at Hampden Park and Horse Guards Parade could not match the numbers achieved at the 2013 Anniversary Games in the Olympic Stadium. Total expenditure of £22.1m also decreased during the year (down 13%).

Income from grants and sponsorship dedicated to the World Class Performance Programme was £8.1m, an increase of 10%, principally due to medal bonuses from a sponsor and the full year impact of our kit sponsorship agreement. A significant part of this income is provided by UK Sport whose contribution is strictly ring-fenced to support the World Class Performance Programme. Expenditure on this programme matched its income.

Costs for development, governance and operations for the year at £4.8m (down 28%), have been curtailed due to a number of operational changes made by the organisation.

The decrease in employee costs of £0.2m (down 4%) is a reflection of the approach of the company in controlling its costs.

## **Strategic Report**

**For the year ended 31 March 2015**

At the end of the financial year the Company held an Income and Expenditure Reserve of £2.8m (2014: £3.3m) and a Cash Flow Hedge Reserve of £0.4m (2014: £nil) with Net Current Assets of £3.1m (2014: £3.2m) and Fixed Assets of £0.1m (2014: £0.1m). These assets include bank balances of £10.9m which are £1.4m lower than in 2014, mainly due to the operating deficit and the release of income received in advance relating to future periods from a number of our major commercial partners.

During the year the Company spent £0.04m on capital expenditure (2013: £0.03m) and did not dispose of any fixed assets (2014: £0.09m).

### **Other Key Performance Indicators**

The following additional key performance indicators are measured and reviewed on a regular basis by the Directors to provide visibility of the organisation's non-financial performance:

#### **UK Sport**

Medal targets set by UK Sport are key indicators for our Elite Performance Programme. Our Olympic athletes exceeded the UK Sport targets, winning 50 medals, 15 of which were gold, including 27 medals at the Commonwealth Games in Glasgow and 23 medals at the European Championships in Zurich. At the IPC European Championships in Swansea our Paralympic athletes won 47 medals across events included in our targets, of which 15 were gold, also exceeding the targets set by UK Sport of 25 to 30 medals including 10 to 12 gold medals.

#### **Sport England**

We have Strategic Talent Objectives set by Sport England as part of the Whole Sport Plan funding for 2013-2017, based on the number of English athletes progressing from the Futures Programme onto both the Olympic and Paralympic World Class Performance Programmes. These targets were exceeded during 2014-2015.

#### **Major Events**

There are a number of KPIs relating to major events in certain of our commercial agreements and we successfully achieved all of these KPIs.

#### **Principal risks and uncertainties**

The senior management group maintains a risk register which is reviewed by the Audit Committee (a sub-committee of the Board), which in turn reports to the Board of Directors. Risks are managed actively and mitigation strategies implemented to restrict our levels of risk.

#### **Market risk**

The Company's main exposure to market risk is considered to be the ability to continue to secure event ticket sales and sponsorship income at the levels needed to support our rolling four year plans. A Commercial team is dedicated to securing and servicing ticket sales and an independent specialist agency is retained to secure sponsorship deals. The Board is regularly updated with progress on mitigation of these risks.

The Company is also alert to the risk of doping or corruption scandals adversely affecting the sport and is committed to adhering to high standards of doping controls and governance.



## **Strategic Report**

**For the year ended 31 March 2015**

### **Organisational risk**

One of the Company's main operational risks that is monitored is our ability to attract, retain and develop key staff within the organisation. A succession planning policy has been devised, along with a review of the job grading structure used within the organisation and evaluation of all roles, to ensure that key staff are identified and recognised appropriately.

### **Environmental/Political risk**

One of the main risks faced by the organisation in this area is the risk to its UK Sport and Sport England funding should there be any governance concerns raised by either organisation. We pay careful attention to our governance and control processes, as recorded in our annual self-assurance returns to UK Sport and Sport England, and have commenced a rolling programme of Internal Audit work to help further underpin strong processes and good corporate governance.

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



**Kevan Taylor, Company Secretary**

Date: 28 July 2015

## **Independent Auditors' Report to the Members of UK Athletics Limited**

**For the year ended 31 March 2015**

We have audited the financial statements of UK Athletics Limited for the year ended 31 March 2015 which comprise the Statement of Income and Expenditure, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

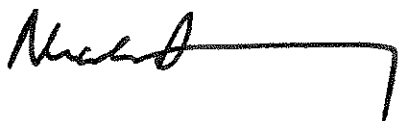
## Independent Auditors' Report to the Members of UK Athletics Limited

For the year ended 31 March 2015

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



William Neale Bussey (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St. Katharine's Way  
London  
E1W 1DD

Date: ~~30~~ July 2015

## Statement of Income and Expenditure

For the year ended 31 March 2015

	Note	Year ended 31 March 2015 £	Year ended 31 March 2014 £
<b>Income</b>	<b>3</b>		
World class performance grants and related sponsorship		8,069,471	7,356,819
Major events and related sponsorship		9,555,123	15,464,284
Other sponsorship, grants and income		3,733,777	3,544,702
		<u>21,358,371</u>	<u>26,365,805</u>
<b>Expenditure</b>			
World class performance, GB & NI team		8,069,471	7,356,819
Major events		9,262,443	11,378,964
Development, governance and operations		4,763,346	6,621,715
		<u>22,095,260</u>	<u>25,357,498</u>
<b>Operating (deficit)/surplus</b>	<b>5</b>	<b>(736,889)</b>	<b>1,008,307</b>
Interest receivable and similar income	<b>4</b>	48,673	86,676
<b>(Deficit)/surplus before taxation</b>		<b>(688,216)</b>	<b>1,094,983</b>
Taxation credit/(expense)	<b>9</b>	147,972	(253,658)
<b>(Deficit)/surplus for the year</b>		<b>(540,244)</b>	<b>841,325</b>
<b>Other comprehensive income:</b>		-	-
Cash flow hedges:	<b>19</b>		
- Fair value gains/(losses) on hedging instrument		568,153	-
- Taxation expense	<b>9</b>	(119,312)	-
<b>Other comprehensive income, net of taxation</b>		<b>448,841</b>	<b>-</b>
<b>Total comprehensive (deficit) / income for the year</b>		<b>(91,403)</b>	<b>841,325</b>

The notes on pages 15 to 35 are an integral part of these financial statements.

## Statement of Financial Position

As at 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
<b>Non-current assets</b>			
Intangible assets	10	-	-
Property, plant and equipment	11	130,350	132,194
Investments	12	7,499	7,499
		<u>137,849</u>	<u>139,693</u>
<b>Current assets</b>			
Trade and other receivables	13	2,452,498	3,785,812
Cash and cash equivalents		10,850,280	12,277,565
		<u>13,302,778</u>	<u>16,083,377</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	14	(10,164,602)	(12,849,156)
		<u>(10,164,602)</u>	<u>(12,849,156)</u>
Net current assets		<u>3,138,176</u>	<u>3,214,221</u>
<b>Total assets less current liabilities</b>		<u><b>3,276,025</b></u>	<u><b>3,353,914</b></u>
<b>Creditors: Amounts falling due in more than one year</b>			
Trade and other payables	14	(27,028)	(13,514)
<b>Net assets</b>		<u><b>3,248,997</b></u>	<u><b>3,340,400</b></u>
<b>Reserves</b>			
Cash flow hedge reserve	19	448,841	-
Accumulated fund – Income and expenditure reserve		2,800,156	3,340,400
		<u><b>3,248,997</b></u>	<u><b>3,340,400</b></u>

These financial statements were approved by the Board of Directors and authorised for issue on [date].



Niels de Vos  
Chief Executive



Edmond Warner  
Chairman

Date: 28 July 2015

Date: 28 July 2015

The notes on pages 15 to 35 are an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 March 2015

	Cash flow hedge reserve	Accumulated fund – Income and Expenditure reserve	Total
	£	£	£
<b>At 1 April 2013</b>	-	<b>2,499,075</b>	<b>2,499,075</b>
Surplus for the year	-	841,325	841,325
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	<b>841,325</b>	<b>841,325</b>
<b>At 31 March 2014</b>	-	<b>3,340,400</b>	<b>3,340,400</b>
Deficit for the year	-	(540,244)	(540,244)
Other comprehensive income	448,841	-	448,841
<b>Total comprehensive income for the year</b>	<b>448,841</b>	<b>(540,244)</b>	<b>(91,403)</b>
<b>At 31 March 2015</b>	<b>448,841</b>	<b>2,800,156</b>	<b>3,248,997</b>

### Reserves

Accumulated fund – Income and Expenditure reserve - This reserve comprises accumulated surpluses and deficits retained in previous periods and in the current period.

Cash flow hedge reserve - This reserve comprises applicable fair value gains and losses, net of associated taxation, arising from cash flow hedging arrangements.

The notes on pages 15 to 35 are an integral part of these financial statements.

## Cash Flow Statement

For the year ended 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
<b>Operating (deficit)/surplus</b>		<b>(736,889)</b>	<b>1,008,307</b>
Adjustments for:			
Depreciation of property, plant and equipment	11	46,102	52,395
Profit on disposal of property, plant and equipment		-	(17,273)
Foreign exchange gains/( losses)		116,366	-
Operating cash flow before movement in working capital		(574,421)	1,043,429
(Increase)/decrease in trade and other receivables		1,359,772	400,500
(Decrease)/increase in trade and other payables		(2,424,352)	3,985,357
Interest receivable	4	48,673	86,676
Corporation tax paid	9	(244,486)	(279,081)
<b>Net cash flows from operating activities</b>		<b>(1,834,814)</b>	<b>5,236,881</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	-
Purchase of property, plant and equipment	11	(44,258)	(32,797)
<b>Net cash flows used in investing activities</b>		<b>(44,258)</b>	<b>(32,797)</b>
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,879,072)</b>	<b>5,204,084</b>
Cash and cash equivalents at the beginning of the year		12,277,565	7,056,208
Effect of exchange rates on cash and cash equivalents		451,787	17,273
<b>Cash and cash equivalents at end of the year</b>		<b>10,850,280</b>	<b>12,277,565</b>

The notes on pages 15 to 35 are an integral part of these financial statements.

## **Notes to the Financial Statements**

**For the year ended 31 March 2015**

### **1 Accounting Policies**

#### **1.1 General Information**

UK Athletics Limited ('the Company') is a company limited by guarantee incorporated in the United Kingdom. The address of its registered office and principal place of business is Athletics House, Alexander Stadium, Walsall Road, Perry Barr, Birmingham, B42 2BE. The principal activities of the Company are to carry out the functions of the National Governing Body of athletics in the UK as required by the International Association of Athletics Federations. Further information regarding the Company's responsibilities is set out in the Directors' Report.

The Company is considered to be a public benefit entity for the following principal reasons:

- It undertakes activities to generate a surplus to fund its primary activities which include developing new programmes for athletics, co-ordinating United Kingdom and international athletics affairs and developing strategies for performance, development and competition;
- It generates revenue with the sole aim of reinvesting funds into athletics rather than to provide a return to investors;
- It provides services to the community by investing directly in athletics and broadening the reach of athletics to the general public and community; and
- It promotes the popularity of athletics by investing in athletics activities.

The financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the primary economic environment in which the Company operates.

#### **1.2 Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation as set out in the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

The financial statements for the year ended 31 March 2015 are UK Athletics Limited's first financial statements that comply with FRS 102; the Company's date of transition to FRS 102 is 1 April 2013. The Company has early adopted FRS 102. Note 24 describes the impact on reported performance and financial position from transition to FRS 102.

#### **1.3 Basis of consolidation**

During the prior year, London 2017 Limited and London Championships Limited, companies limited by guarantee, were incorporated for the purpose of staging the 2017 World Athletics IAAF and IPC Championships, respectively, in London. The Company is the sole member of both these companies. Consolidated financial statements have not been prepared as the Company does not control these companies and hence these financial statements present the results of the Company only.

#### **1.4 Going concern**

The current economic conditions present increased risks for the Company. In response to such conditions, the Directors have carefully considered the business plan for the periods to 31 March 2019, and the extent to which risks arising might affect the applicability of the going concern basis of preparation of the financial statements. Based on this assessment, the Directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business. In addition, the Company's assets are assessed for recoverability on a regular basis, and the Directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.



## Notes to the Financial Statements

For the year ended 31 March 2015

### 1 Accounting Policies (continued)

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the Directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

#### 1.5 Revenue recognition

##### Income

Income represents amounts derived principally from grants receivable, event sponsorship, TV broadcasting rights and the sale of tickets to events, which fall within the Company's ordinary activities and arise primarily within the United Kingdom. Income is stated exclusive of value added tax.

##### *(i) Grant revenue*

Income arising from grants is recognised when there is reasonable assurance that any conditions attached to the grants are met and the grants are receivable. Grants are classified as relating to revenue, rather than capital, and grant income is recognised on a systematic basis over the period in which the related costs associated with the grant are recognised.

Income from grants includes Sport England Whole Sport Plan Award funding of £1,092,703 (2014: £1,170,000) for activities undertaken by UK Athletics. This award is an agreement between UK Athletics and Sport England, within which UK Athletics, under a passport agreement, also commissions England Athletics to undertake the majority of the activities and hence passes most of the grant funding directly to England Athletics following receipt from Sport England. UK Athletics acts as agent for this Sport England Award and hence the grant funding passed to England Athletics of £5,160,129 (2014: £4,868,857) is not recognised in the financial statements of the Company.

##### *(ii) Sponsorship revenue*

Income arising from sponsorship is normally recognised over the period of the sponsorship term. When the sponsorship is linked to a particular event or condition, revenue is recognised when the specific event has taken place or the condition has been met.

##### *(iii) TV broadcasting revenue*

Income arising from TV broadcasting is recognised when a major televised event is aired and is recognised over the number of days of the televised event.

##### *(iv) Ticket sales revenue*

Income arising from event ticket sales is recognised when the event takes place.

##### Interest

Income is recognised as interest accrues using the effective interest rate method.

#### 1.6 Taxation

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 1 Accounting Policies (continued)

future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 1.7 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date, except when deferred in other comprehensive income as qualifying cash flow hedges. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in income and expenditure.

#### 1.8 Intangible assets

Intangible assets are initially recognised at cost, being the purchase price plus any directly attributable costs, and are subsequently measured at cost less any accumulated amortisation and impairment losses.

Amortisation is charged on a straight line basis to income and expenditure over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

Computer software	3 years
-------------------	---------

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

#### 1.9 Property, plant and equipment

Property, plant and equipment are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to allocate the asset's cost, less its estimated residual value, over its estimated useful life using a straight line basis as follows:

Leasehold improvements	10 years
Computer equipment	3 years
Furniture, fittings and equipment	5 years

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 1 Accounting Policies (continued)

Property, plant and equipment are tested for impairment where an indication of impairment exists at the reporting date.

#### 1.10 Investments in associates

Investments in associates are held at cost less accumulated impairment losses.

#### 1.11 Leases

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

Payments made under operating lease arrangements are charged to income and expenditure on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within income and expenditure on a straight line basis over the lease term.

#### 1.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise investments, cash and cash equivalents, trade and other receivables and trade and other payables. The Company has chosen to apply the provisions of FRS102 Section 11 *Basic Financial Instrument* and FRS102 Section 12 *Other Financial Instruments* in full.

##### Financial assets – classified as basic financial instruments

###### (i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

###### (ii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in income and expenditure.

###### (iii) Investments

Equity investments are measured at fair value, where their fair value is reliably measurable; otherwise they are stated at cost less accumulated impairments losses. The Company's investments do not have a quoted market price in an active market.

## **Notes to the Financial Statements (continued)**

**For the year ended 31 March 2015**

### **1 Accounting Policies (continued)**

#### **Financial liabilities – classified as basic financial instruments**

##### *(iv) Trade and other payables*

Trade and other payables are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts payable are classified as current liabilities where payment is due within one year. Where this is not the case, they are presented as

due in more than one year. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

#### **Financial instruments – classified as complex financial instruments**

##### *(v) Hedging arrangements*

The Company does not use derivative instruments to manage exposure to risks arising from holding financial instruments, nor does the Company hold or issue derivative financial instruments for speculative purposes.

The Company does apply hedge accounting to manage exposure to foreign currency risk arising from certain firm commitments associated with future events. The hedging relationship between the hedged item and the hedging instrument is designated as a cash flow hedge. Changes in the fair value of the hedging instrument, which is effective, are recognised in other comprehensive income and recognised within equity in a separate cash flow hedge reserve. Any ineffectiveness in the hedging relationship, being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge, is recognised in income and expenditure. Fair value gains or losses recognised in other comprehensive income are reclassified to profit or loss when the hedge relationship ceases.

#### **1.13 Retirement benefits**

The Company operates a defined contribution pension scheme. Obligations for contributions to the defined contribution pension scheme are charged to income and expenditure in the period to which the contributions relate.

In addition, one employee is a member of The Teachers' Pension Scheme which is an unfunded defined benefit scheme operated by the UK Government on behalf of teachers in England. The Company has no claim over the assets of the scheme and has no liability to make good future shortfalls in the scheme except in so far as future service contribution rates may be revised by the Government Actuary. Contributions payable are charged to income and expenditure in the period to which the contribution relates.

### **2 Critical accounting judgements and key sources of estimation uncertainty**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 2.1 Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are specified below.

#### (i) *Volunteer Services*

The Company relies on the assistance of unpaid general volunteers in carrying out its activities. Placing a monetary value on the contribution made by volunteers poses a significant challenge. Additionally, volunteers tend to complement the work of paid staff rather than replace them. These factors, together with the lack of a market comparator price for general volunteers, make it impracticable for their contribution to be measured reliably for accounting purposes and hence volunteer services are not recognised within these financial statements.

#### (ii) *Investments in associate undertakings*

The investments in London 2017 Limited and London Championships Limited are accounted for as investments in associate undertakings on the basis that the Company has significant influence over these investees. The Company is the sole member of both of these entities, which have been established as companies limited by guarantee. Due to the level of board representation, the Company holds more than 20% of the voting power of each investee and hence has the power to participate in the financial and operating policy decisions of each entity.

### 2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are specified below:

#### (i) *Investment in Diamond League AG*

The Company's shares in Diamond League AG are a prerequisite for the right to organise and stage two major televised events held in Great Britain. The share structure of Diamond League AG enables a collective approach to negotiating international TV rights and administering the Diamond League brand within one organisation.

These shares are not freely transferrable, with certain specific requirements to be met by a prospective purchaser as set out in our shareholders' agreement, and there is no dividend income from ownership of the shares. The investment's fair value is therefore not considered to be separable from the value expected to be derived from hosting events in the future and accordingly the fair value is not able to be reliably determined.

The investment in Diamond League AG is therefore measured at cost less impairment.

#### (ii) *Provision of bad and doubtful debts*

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when management consider that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors

## **Notes to the Financial Statements (continued)**

**For the year ended 31 March 2015**

### **3 Income**

An analysis of the Company's income by class and category of business is as follows:

	<b>31 March 2015 £</b>	<b>31 March 2014 £</b>
Grants receivable	8,112,971	8,221,233
Sponsorship and rights fees	7,831,281	6,942,130
TV broadcasting	3,057,893	3,218,571
Ticket sales	1,388,082	6,541,049
Other income from the provision of services	968,144	1,442,822
	<u>21,358,371</u>	<u>26,365,805</u>

An analysis of the Company's income by geographical market is as follows:

	<b>31 March 2015 £</b>	<b>31 March 2014 £</b>
United Kingdom	17,790,226	23,906,144
Rest of European Union	2,567,610	1,497,060
Other European	995,535	962,601
Canada	5,000	-
	<u>21,358,371</u>	<u>26,365,805</u>

### **4 Interest receivable and similar income**

	<b>31 March 2015 £</b>	<b>31 March 2014 £</b>
Bank interest receivable on cash and cash equivalents	48,673	86,676
	<u>48,673</u>	<u>86,676</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 5 (Deficit)/surplus on ordinary activities before taxation

(Deficit)/surplus on ordinary activities before taxation is stated after charging/(crediting):

	31 March 2015 £	31 March 2014 £
Depreciation of property, plant and equipment	46,102	52,395
Operating lease rentals - Buildings	320,248	299,457
Operating lease rentals - Other	12,387	12,387
Foreign exchange (gain)	(79,417)	(17,273)
Staff costs (note 6)	5,445,774	5,678,495

The analysis of the auditor's remuneration is as follows:

	31 March 2015 £	31 March 2014 £
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts	19,500	20,655
Fees payable to the Company's auditors and their associates for other services to the Company:		
Audit related assurance services	325	6,045
Other services	9,250	-
	29,075	26,700

## **Notes to the Financial Statements (continued)**

For the year ended 31 March 2015

### **6 Staff costs**

The average monthly number of employees (including Directors) was:

	<b>31 March 2015</b>	<b>31 March 2014</b>
World Class Performance	35	31
Major Events	13	16
Development, Governance and Operations	53	52
	<u>101</u>	<u>99</u>

Their aggregate staff costs comprised:

	<b>31 March 2015 £</b>	<b>31 March 2014 £</b>
Wages and salaries	4,459,332	4,659,567
Social security costs	523,262	540,529
Staff pension costs	451,305	466,524
Long term incentive plan accrual	11,875	11,875
	<u>5,445,774</u>	<u>5,678,495</u>

### **7 Remuneration of key management personnel**

Key management personnel comprises the directors, whose remuneration is also reported in note 8 below, and members of the senior management team. Their aggregate remuneration was as follows:

	<b>31 March 2015 £</b>	<b>31 March 2014 £</b>
Wages and salaries	1,050,591	1,165,318
Social security costs	121,757	127,772
Staff pension costs	133,118	117,868
Long term incentive plan accrual	11,875	11,875
	<u>1,317,341</u>	<u>1,422,833</u>



## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 8 Directors' remuneration

	31 March 2015 £	31 March 2014 £
Emoluments	415,165	443,429
Pension scheme contributions	32,532	25,973
Long term incentive plan accrual	11,875	11,875
	<u>459,572</u>	<u>481,277</u>

#### The number of Directors who:

Receive remuneration (average)	8	8
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>

The Company has recognised an expense of £11,875 in the income and expenditure account for the current year (2014: £11,875), in respect of a long term incentive plan for the highest paid Director. Payments under the incentive plan will only be made in the event of agreed performance targets being met over the four year period ending 31 March 2017. As at 31 March 2015, £23,750 is included in amounts due after more than one year (2014: £11,875) in respect of these costs.

	31 March 2015 £	31 March 2014 £
<b>Remuneration of the highest paid Director:</b>		
Emoluments	187,906	213,271
Pension scheme contributions/benefits accruing	32,532	25,973
Long term incentive plan accrual	11,875	11,875
	<u>232,313</u>	<u>251,119</u>

The highest paid Director, since 2013, as part of the role for UK Athletics, performs a similar role for London 2017 Limited and London Championships Limited for which the company receives fees.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 9 Taxation

The tax (credit)/charge comprises:

#### Taxation included in profit or loss

	31 March 2015 £	31 March 2014 £
<b>Current tax on surplus on ordinary activities</b>		
UK corporation tax at 21% (2014: 23%)	(202,973)	266,363
Adjustments in respect of prior years	(2,195)	(40,154)
<b>Total current tax (credit)/charge</b>	<b>(205,168)</b>	<b>226,209</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	57,196	25,305
Effect on opening deferred taxes of change in tax rate	-	2,144
<b>Total deferred tax charge</b>	<b>57,196</b>	<b>27,449</b>
<b>Total tax (credit)/charge on surplus on ordinary activities</b>	<b>(147,972)</b>	<b>253,658</b>

Tax on (deficit)/surplus on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are reconciled below:

	31 March 2015 £	31 March 2014 £
(Deficit)/surplus on ordinary activities before taxation	(688,216)	1,094,983
Corporation tax calculated at 21% (2014: 23%)	(144,525)	251,846
Expenses not deductible	8,836	3,940
Adjustment in respect of prior years	(2,195)	(40,154)
Utilisation of losses previously unrecognised	(7,228)	-
Other differences	(2,860)	38,026
<b>Tax (credit)/charge for the year</b>	<b>(147,972)</b>	<b>253,658</b>

#### Taxation included in other comprehensive income

	31 March 2015 £	31 March 2014 £
<b>Current tax on other comprehensive income</b>		
UK corporation tax charge at 21% (2014: 23%)	119,312	-

#### Factors affecting the tax charge

A reduction in the UK corporation tax rate from 23% to 21% took effect from 1 April 2014. The Finance Act 2013 enacted a further reduction in the main rate to 20% from 1 April 2015. The change in applicable tax rate between 2014 and 2015 is due to these reductions in the main UK corporation tax rate.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 10 Intangible assets

	Computer Software £
<b>Cost</b>	
At 1 April 2014	633,210
Additions	-
	<hr/>
At 31 March 2015	<u>633,210</u>
<b>Amortisation</b>	
At 1 April 2014	633,210
Amortisation for the year	-
	<hr/>
At 31 March 2015	<u>633,210</u>
<b>Carrying value</b>	
At 31 March 2015	<hr/> -
	<hr/>
At 31 March 2014	<hr/> -
	<hr/>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 11 Property, plant and equipment

	Leasehold improvements	Computer hardware	Equipment, fixtures and fittings	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2014	68,814	101,599	352,586	522,999
Additions	-	7,088	37,170	44,258
At 31 March 2015	<u>68,814</u>	<u>108,687</u>	<u>389,756</u>	<u>567,257</u>
<b>Depreciation</b>				
At 1 April 2014	15,345	89,956	285,504	390,805
Depreciation charge for the year	6,170	8,762	31,170	46,102
At 31 March 2015	<u>21,515</u>	<u>98,718</u>	<u>316,674</u>	<u>436,907</u>
<b>Carrying value</b>				
At 31 March 2015	<u>47,299</u>	<u>9,969</u>	<u>73,082</u>	<u>130,350</u>
At 31 March 2014	<u>53,469</u>	<u>11,643</u>	<u>67,082</u>	<u>132,194</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 12 Investments

#### Investments in equity interest

Investments comprise equity shares in Diamond League AG of CHF12,000.

	£
<b>Cost</b>	
At 1 April 2014	7,499
Additions	-
At 31 March 2015	<u>7,499</u>
<b>Provision for impairment</b>	
At 1 April 2014 and 31 March 2015	<u>-</u>
<b>Carrying value</b>	
At 31 March 2015	<u>7,499</u>
At 31 March 2014	<u>7,499</u>

#### Investments in associate undertakings

Investments in associate undertakings relate to the Company's interest in London 2017 Limited and London Championships Limited, of which the Company is the sole member. Both entities have been established as Companies limited by guarantee and accordingly the cost of both investments is £nil (2014: £nil). The carrying value of both investments at the reporting date is £nil. (2014: £nil)

Summarised financial information for both investments is as follows:

<b>London 2017 Limited</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	£	£
Profit for the year	-	-
Net assets at reporting date	-	-
Effect as if accounted for using the equity method	-	-
Amount of dividend receivable by the Company	<u>-</u>	<u>-</u>
<b>London Championships Limited</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
	£	£
Profit for the year	-	-
Net assets at reporting date	-	-
Effect as if accounted for using the equity method	-	-
Amount of dividend receivable by the Company	<u>-</u>	<u>-</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 13 Trade and other receivables

	31 March 2015 £	31 March 2014 £
<b>Amounts falling due within one year:</b>		
Trade receivables	1,091,229	2,904,494
Other receivables	552,848	257,874
Prepayments and accrued income	641,595	483,076
Corporation tax receivable	83,654	-
Deferred tax (note 15)	83,172	140,368
	<u>2,452,498</u>	<u>3,785,812</u>

### 14 Trade and other payables

	31 March 2015	31 March 2014
<b>Amounts falling due within one year:</b>		
Trade payables	307,633	721,310
Other payables	1,173,196	1,437,711
Social security and other taxes	530,439	542,538
Accruals and deferred income	8,153,334	9,900,909
Corporation tax	-	246,688
	<u>10,164,602</u>	<u>12,849,156</u>
<b>Amounts falling due in more than one year:</b>		
Accruals	27,028	13,514
	<u>27,028</u>	<u>13,514</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 15 Deferred taxation

	Depreciation in advance of capital allowances £	Short-term other differences £	Total £
At 1 April 2014	100,856	39,512	140,368
(Charged)/credited to income/expenditure	(23,090)	(34,106)	(57,196)
At 31 March 2015	<u>77,766</u>	<u>5,406</u>	<u>83,172</u>
Deferred tax asset			<u>83,172</u>

The Company expects to reverse approximately £10,000 (2014: £50,000) of deferred tax assets during the year ended 31 March 2016.

The Company has no unrecognised unused tax losses, unused tax credits or unclaimed capital allowances; all timing differences have been recognised.

### 16 Retirement benefits

#### Defined contribution plan

The Company operates a defined contribution plan which is available to all employees of the Company.

Contributions made into this plan are paid by the Company at rates specified in the rules of the scheme. The total amount recognised in income and expenditure during the period was £437,731 (2014: £453,264). As at the reporting date, amounts payable of £nil (2014: £133,682) had not been paid over to the plan.

In addition, one employee is a member of The Teachers' Pension Scheme which is an unfunded defined benefit scheme operated by the UK Government on behalf of teachers in England. The Company has no claim over the assets of the scheme and has no liability to make good future shortfalls in the scheme except in so far as future service contribution rates may be revised by the Government Actuary.

Contributions made into this plan are paid by the Company at rates specified in the rules of the schemes. The total amount recognised in the income and expenditure during the period was £13,574 (2014: £13,260). As at reporting date, amounts payable of £nil (2014: £nil) had not been paid over to the scheme.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 17 Operating leases

The Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	31 March 2015 £	31 March 2014 £
<b>Buildings</b>		
Not later than one year	324,450	290,805
Later than one year and not later than five years	702,753	855,538
Later than five years	197,814	316,502
<b>Other</b>		
Not later than one year	11,798	11,798
Later than one year and not later than five years	22,577	34,375
Later than five years	-	-
Total future minimum lease payments	<u>1,259,392</u>	<u>1,509,018</u>

A total of £332,635 was recognised as an operating lease expense in the period (2014: £311,844).

### 18 Off balance sheet arrangements

The Company has not entered into any off balance sheet arrangements.



## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 19 Financial instruments

	31 March 2015 £	31 March 2014 £
<b>Equity instruments measured</b>		
Investments	7,499	7,499
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade and other receivables	2,452,498	3,785,812
Cash and cash equivalents	5,985,415	12,277,565
<b>Financial assets designated within a hedging relationship</b>		
Cash and cash equivalents	4,864,865	-
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	10,191,630	12,862,670

### Hedging arrangements

The Company is committed, on behalf of London 2017 Limited, to pay the prize funds to medal winning athletes at the 2017 IAAF World Championships in athletics in US dollars. During the year, funds were purchased in US dollars in preparation for the staging of these 2017 World Championships. The Company is therefore exposed to the foreign exchange risk associated with movements in the USD:GBP exchange rate.

The Company has designated the foreign currency risk component of the US dollar funds as the hedging instrument in the hedging relationship to manage the foreign currency exposure associated with the future firm commitments (hedged item).

The fair value of the hedging instrument has been measured at the reporting date using market observable inputs; the USD:GBP exchange rate at the reporting date is 1.48. The change in the fair value of the hedging instrument that has been recognised through other comprehensive income during the year is £568,153, together with an associated taxation expense of £119,312. There was no ineffectiveness during the year.

The future US dollar payments are committed to be made for the IAAF World Championships in athletics which will be held in August 2017.

## **Notes to the Financial Statements (continued)**

**For the year ended 31 March 2015**

### **20 Related party transactions**

E Warner, Chairman of the Company, and N de Vos, Chief Executive of the Company, are Chairman and Chief Executive, respectively, of London 2017 Limited. The Company is the sole member of London 2017 Limited.

The Company recharged costs totalling £560,170 (2014: £355,357) to London 2017 Limited during the year, and a debtor balance of £402,331 (2014: £355,357) is outstanding from London 2017 Limited at the year end. The Company provided funding in the form of a contribution to bid costs for the 2017 IAAF Athletics World Championships for £nil (2014: £154,499).

E Warner, Chairman of the Company, and N de Vos, Chief Executive of the Company, are Chairman and Chief Executive, respectively, of London Championships Limited. The Company is the sole member of London Championships Limited.

The Company recharged costs totalling £44,766 (2014: nil) to London Championships Limited during the year, and a debtor balance of £44,766 (2014: nil) is outstanding from London Championships Limited at the year end.

During the prior year, N de Vos, Chief Executive of the Company, and K Taylor, an executive Director of the Company, were Directors of England Athletics Limited. During the prior year the Company entered into trading transactions with England Athletics Limited comprising grants received by the Company, and transferred to England Athletics Limited, most notably for Sport England under a passport agreement, and also provided services and expenses incurred by the Company which were subsequently recovered from England Athletics Limited.

In the prior year the Company transferred grants totalling £5,325,299, including £4,868,857 for Sport England funding, and recharged costs totalling £3,525,209 to England Athletics Limited during the year. As at 31 March 2014, the Company had a debtor balance of £193,145 and a creditor balance of £351,725 with England Athletics Limited.

In the prior year the Company provided payroll services for England Athletics Limited, including payments of employees' salaries and payments to HMRC, for which it recovers the costs in full on a monthly basis. Other expenditure is recovered on an ad hoc basis depending on when the expenditure is incurred.

N de Vos, Chief Executive of the Company, is an executive Director of the British Olympic Association (BOA).

The Company recharged costs totalling £335 (2014: £nil) to the BOA during the year, and at the year end the debtor balance was £nil (2014: £nil). Payments recharged from the BOA to the Company for air fares, accommodation and room hire during the year totalled £11,700 (2014: £913) and at the year end the creditor balance was £nil (2014: £nil).

E Warner, Chairman of the Company, is Chairman of the IPC Athletics Sports Technical committee (the IPC). During the year the Company received grant funding from the IPC £25,000 (2014: £25,000). The debtor balance at the year end was £nil (2014: £nil).

During the year the Company paid the IPC £41,180 (2014: £45,230) for license and course fees. The creditor balance at the year end was £nil (2014: £nil).

E Warner, Chairman of the Company is Chairman of LMAX. During the year the Company received £12,000 (2014: £nil) from LMAX for sponsorship of bibs at the Sainsbury's Anniversary Games of which £nil was outstanding at the year end.

S Rowell, a non-executive Director of the Company, is a member of the board of London Marathon Limited in the role of UK Athletics designated board director. During the financial year the Company received grant funding and rights fees from London Marathon Limited £250,000 (2014: £173,535). The Company also paid for room hire and accommodation in the year of £2,830 (2014: £nil) of which £1,980 (2014: £nil) was outstanding at the year end.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 21 Post balance sheet events

There were no post balance sheet events which had an impact on the Company's Financial Statements.

### 22 Parent undertaking and ultimate controlling party

There is no parent undertaking and no ultimate controlling party.

### 23 Guarantee

The members of the Company have agreed to contribute £1 each to the assets of the Company, if necessary, in the event of it being wound up. The members of the company are the UKMC Members, as defined in the Company's Articles of Association.

### 24 Explanation of transition to FRS 102

This is the first financial year that the Company has presented its financial statements in accordance with FRS 102. For financial years up to and including the year ending 31 March 2014, the Company prepared its financial statements in accordance with previously extant UK GAAP. The Company's date of transition to FRS 102 is therefore 1 April 2013.

This note sets out the changes to accountings policies and the transitional adjustments that are required to be made for first-time transition to FRS 102. The Company's opening equity position as at the 1 April 2013 and its previously published financial statements for the year ended 31 March 2014 have been restated from previously extant UK GAAP.

In carrying out the transition to FRS 102, the Company has not taken advantage of any of the optional exemptions, as permitted by Section 35 *Transition to this FRS*.

Set out below are the transition tables to reconcile:

- Total equity as at 1 April 2013;
- Total equity as at 31 March 2014; and
- Surplus for the year ended 31 March 2014.

#### *Reconciliation of equity*

	Note	As at 1 April 2013 £	As at 31 March 2014 £
Equity as reported under previous UK GAAP		2,499,075	3,340,400
Transitional adjustments:			
1. Acquired computer software	a	-	-
Equity as reported under FRS 102		<u>2,499,075</u>	<u>3,340,400</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2015

### 24 Explanation of transition to FRS 102 (continued)

#### *Reconciliation of surplus*

	Note	For year ended 31 March 2014 £
Surplus as reported under previous UK GAAP		841,325
Transitional adjustments:		
2. Acquired computer software	a	-
Surplus as reported under FRS 102		<u>841,325</u>

#### *Explanation of the transitional adjustments to equity and income and expenditure*

##### *a) Acquired computer software*

Computer software with a cost of £696,119 as at 1 April 2013 and £633,210 as at 31 March 2014 and accumulated depreciation of £696,119 and £633,210 at the same reporting dates, has been reclassified from tangible fixed assets to intangible assets as required under FRS 102. This has had no effect on the Company's carrying value of tangible fixed assets or intangible assets as the net carrying value was £nil. This reclassification adjustment had no effect on the operating surplus for the year ended 31 March 2014.