

UK Athletics Limited
(A Company Limited by Guarantee)

Registered number: 03686940

Annual report and financial statements

For the year ended 31 March 2017

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UK ATHLETICS LIMITED

COMPANY INFORMATION

UK Members council	C Anthony L Clarke A Clements R Corry D Fraser J Gardener - President M Harris	W Haxell M Nimmo K Reed N Rowe L Roy
Directors	G D Arthur D C Bedford S R Bowker - Chair N E de Vos S L Rowell	S Smart K Taylor P L Taylor A Wafula Strike
Company secretary	K Taylor	
Registered number	03686940	
Registered office	Athletics House Alexander Stadium Walsall Road Perry Barr Birmingham B42 2BE	
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD	
Bankers	Lloyds Bank Plc 125 Colmore Row Birmingham B3 3SF	
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH	

UK ATHLETICS LIMITED

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UK ATHLETICS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Business review

The Directors present their Strategic Report on the Company for the year ended 31 March 2017.

In this Olympic year, Great Britain & Northern Ireland athletes enjoyed excellent medal hauls at World and European levels, claiming a total of 154 medals across all disciplines (89 for disability athletes and 65 for non-disability athletes).

This high medal tally included 17 Olympic/Paralympic gold medals, 8 Olympic/Paralympic silver medals and 15 Olympic/Paralympic bronze medals, surpassing those achieved at the home games in 2012. Congratulations are due to each athlete, along with their coaches and support teams, for their performances which contributed to Team GB achieving their best ever finish in the medal tables, achieving 2nd place rankings in both Olympic and Paralympic competitions.

The Company's investment in the sport of athletics continued with payment of the first tranche of prize money of \$4,600,000 to London 2017 Limited being made as planned during the year. This investment and investment of resources to support the World Para Athletics Championships will generate future benefits for the Company and for the sport of athletics.

As expected, total income of £24,668,470 (2016: £23,950,428) is marginally higher than in the prior year as income from London 2017 increases to reflect the increasing input to the Local Organising Committee (LOC). Commercial income streams during the year include income from the major event outdoor and indoor series totalling £9,463,696 (2016: £10,735,897) and other sponsorship income of £2,771,956 (2016: £2,143,231).

The deficit after tax and before 'Other comprehensive income' (OCI) of £996,626 (2016: surplus £1,225,095) reported is in accordance with expectations after paying the first tranche of prize money of \$4,600,000 to London 2017 Limited.

The Company's total comprehensive income for the year is a deficit of £1,125,563 (2016: surplus of £1,333,203), after recognising other comprehensive expenditure of £128,937 (2016 income: £108,108) which relates to the Company's commitment to pay the prize money for the 2017 IAAF World Championships in Athletics. Further details are provided in note 22 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.

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 period to 31 March 2021, 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.

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.

UK ATHLETICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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.

Financial Performance Indicators

Total income at £24.7m increased in this financial year (up 3%), driven primarily by the increased LOC services provided to the two 2017 World Championships in Athletics, reflecting the increasing contribution made by the Company's staff working within the LOC during the year. Total expenditure of £26.0m has increased during the year (up 16%), which is primarily due to the initial payment of £3.7m (\$4.6m) in prize money for the 2017 IAAF World Championships in Athletics.

Turning to the individual areas of operation, income from grants and sponsorship dedicated to the World Class Performance Programme was £9.4m, an increase of 2%, principally due to higher income for the UK Sport award. Expenditure on this programme matched the income. The bulk of this income (£8.2m) is provided by UK Sport whose contribution is strictly ring-fenced to support the World Class Performance Programme and we are delighted with the results of our partnership with UK Sport.

Income for major events has reduced to £9.5m (down 12%) due to the tightening economic climate impacting on sponsorship income and the public. Costs have increased to £8.2m (up 2%) reflecting the strengthening of the U.S. dollar versus sterling and general inflation.

Other sponsorship, grants and income has increased to £5.8m (up 45%), largely due to additional income from the provision of the LOC for the two 2017 World Championships in Athletics.

Costs for development, governance and operations for the year at £8.4m (up 62%), have increased due to the payment of the first tranche of prize money to for the 2017 IAAF World Championships in Athletics, accounting for an increase of £3.7m. Other costs of £4.7m are 10% down on the prior year.

The increase in employee costs of £0.1m (up 2%) compared to the prior year is due to inflation based payroll awards in the year and the costs of staff employed to deliver the World Championships in 2017.

At the end of the financial year, the Company held an Income and expenditure Reserve of £3m (2016: £4m) and a Cash flow hedge reserve of £0.4m (2016: £0.6m) with Net current assets of £3.4m (2016: £4.5m) and Fixed assets of £0.04m (2016: £0.1m). Assets include Bank balances of £13.5m which are £2.8m lower than in 2016, due to the operating deficit and working capital movements.

During the year the Company spent £0.02m on capital expenditure (2016: £0.01m) and did not dispose of any fixed assets (2016: £nil).

UK ATHLETICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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 performance from a non-financial information perspective:

UK Sport

Medal targets set by UK Sport are key indicators for the Elite Performance Programme. British Paralympic athletes came home from the Rio Paralympics with 15 gold medals, 7 silver and 11 bronze medals, a total of 33 which achieved the UK Sport target of 28 to 34 medals. British Olympic athletes won 2 gold, 1 silver and 4 bronze medals at the Rio Olympics in 2016, also achieving the target range of 7 to 9 medals set by UK Sport.

Sport England

Strategic Talent Objectives are set by Sport England as part of the Whole Sport Plan funding for the 2013-2017 cycle. These objectives are based on the number of English athletes progressing from the Futures Programme onto both the Olympic and Paralympic World Class Performance Programmes. The target for the year was set at between seven and nine athletes, however, a significant rise in the level of achievement required by athletes to be placed on the World Class Performance Programme, combined with a change of focus in the disciplines involved resulted in only three athletes progressing during the year. Talent delivery is an area of increased focus for the coming year with a number of new appointments being made to deliver this area.

Major Events

There are a number of key performance indicators relating to the staging of major events in one of the company's commercial agreements. These key performance indicators were successfully achieved for the 2016 calendar year.

Members and Board Attendance

Members of the UK Members Council and the Directors take an active participative role in UK Athletics. There were 125 attendances at meetings out of a possible 152 achieved – an attendance record of 82% (2016 – 91%). The attendances of individuals at the relevant meetings and sub-committees are set out in the table on page 4.

UK ATHLETICS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

Attendance at Meetings 1 April 2016 to 31 March 2017
(Attendances/Total meetings whilst a member)

	Board	UK Members Council	Audit Committee	Remuneration Committee	Performance Oversight Committee
G D Arthur	3/5			0/1	
D C Bedford	6/7				2/3
S R Bowker	2/2				
N E de Vos	7/7				
S L Rowell	6/7			2/2	3/3
S Smart	7/7		5/5		
K Taylor	7/7				
P L Taylor	5/5		3/3		
A Wafula Strike	6/7				3/3
E W Warner	7/7				
W R Worth	4/7		3/5	2/2	
C Anthony		3/4			
L Clarke		0/4			
A Clements		3/4			
Lord Coe		0/3			
R Corry		3/4			
D Fraser		3/4			
J Gardener		4/4			
W Haxell		4/4			
P King		1/2			
R Morrison		1/2			
M Nimmo		2/2			
K Reed		4/4			
N Rowe		3/4			
L Roy		4/4			
A Shiret		3/4			
R Simons		3/3			
K Woods		1/1			

UK ATHLETICS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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 reduce the Company's levels of risk.

Market risk

The Company's main exposure to market risk is considered to be the ability to secure future commercial income at the levels needed to support its strategic plans. A commercial rights agency is dedicated to securing sponsorship deals, and prompt renegotiation of major existing arrangements takes place well in advance of contract expiry. The Company is aware of the risks to the forthcoming Domestic Athletics Calendar posed by the staging of the two World Championship Athletics events taking place at the London Stadium in the summer of 2017. In light of these events the company decided to change the format of the Muller Anniversary Games and has worked alongside London 2017 Limited and London Championships Limited to create demand for tickets for all athletics events held at the London Stadium during the summer through a series of managed ticket releases. The Board is regularly updated with progress on mitigation of these risks.

Organisational risk

A significant risk to the organisation is the ability to attract, retain and develop world class coaches. A recent restructure, and a number of new appointments made within the National Performance Institute, will ensure that the development of coaches is placed at the heart of the Accelerated Elite Performance Development Programme. This will help attract world class coaches and reduce the attrition rate.

Another significant risk to the organisation is the ability to meet the operational demands of both the 2017 World Championships in Athletics in addition to achieving the Company's other operational objectives. Regular reviews of all operational plans are carried out, along with a UKA presence on the Boards of London 2017 Limited and London Championships Limited to ensure that conflicts are managed and dealt with in a timely manner. Operational plans are in progress to ensure that this risk is mitigated.

Environmental and Political risk

The Board is conscious of the ever changing security environment that the organisation operates in for its Major events. The safety and security of all the stakeholders is a key priority and it is acknowledged that increased security requirements at the events may significantly increase costs. The Company continues to work with all venue operators and independent risk experts and security teams to ensure that appropriate measures are taken to mitigate this risk.

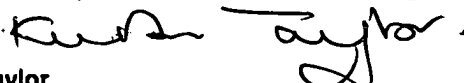
Another risk faced by the organisation is the risk to its UK Sport and Sport England funding should there be any performance or governance concerns raised by either organisation. The Company pays careful attention to its governance and control processes, as recorded in our annual self-assurance returns to UK Sport and Sport England, and have scheduled a programme of Risk Assurance work to help further underpin strong processes and strong corporate governance. The Company is also currently engaged on a work programme to enable full compliance with the Code for Sports Governance which is required as a prerequisite of our funding from these bodies for the 2017 to 2021 funding cycle.

The Board is conscious of the changing technological environment that the organisation operates in and is developing a digital strategy to ensure the organisation is well placed for the future.

UK ATHLETICS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

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


K Taylor
Company Secretary

Date: 4.8.17

UK ATHLETICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Directors present their annual report and the audited financial statements for the year ended 31 March 2017.

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 and the International Paralympic Committee. In particular these responsibilities include the preparation and selection of Great Britain & Northern Ireland 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 UK Sport, Sport England, Central and Local Government, Home Country Athletics Federations, Clubs and Schools.

Results

The deficit after taxation for the year is £996,626 (2016: Surplus - £1,225,095) and the total comprehensive income for the year is a deficit of £1,125,563 (2016: Surplus - £1,333,203).

Reserves

The Company's Income and expenditure Reserve as at 31 March 2017 stood at £3,028,625 (2016: £4,025,251). The Company also has a cash flow hedge reserve for which the balance as at 31 March 2017 is £428,012 (2016: £556,949). This reserve relates to an advance purchase of US Dollars in order to meet the Company's commitment to pay the prize money for the 2017 IAAF World Championships in Athletics. This commitment forms part of the Company's funding of these Championships. Please refer to note 22 of the financial statements for further details.

Directors

The Directors of the Company during the period, and up to the date of this report were as follows:

G D Arthur – Chair of Remuneration Committee, Equality & Diversity Champion. Appointed 1 September 2016. First term ends 31 August 2020.

D C Bedford – First term ends 29 February 2020.

S R Bowker – Appointed 26 January 2017. Appointed Chair 16 June 2017. First term ends 25 January 2021.

N E De Vos – Chief Executive Officer. Ex officio officer.

S L Rowell – Chair of Performance Oversight Committee. Final term ends 23 May 2020.

S Smart – Chair of Audit Committee. Final term ends 23 May 2020.

K Taylor – Group Finance Director and Company Secretary. Ex officio officer.

P L Taylor – Senior Independent Director. Appointed 1 September 2016. First term ends 31 August 2020.

A Wafula Strike – First term ends 4 December 2018.

E W Warner – Resigned 16 June 2017.

W R Worth – Resigned 31 March 2017.

Note – All Directors are independent except the Chief Executive Officer and the Group Finance Director.

On 16 June 2017, after over a decade of passionate and committed service to athletics, E W Warner stepped down from the Chair position on the Board and was replaced by S R Bowker.

UK ATHLETICS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

Directors and Officers liability insurance

Directors and Officers liability insurance has been purchased by the Company during 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, and an annual 2 day off site 'All Colleagues' strategy and operational meeting.

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 invaluable efforts of volunteers involved in clubs, coaching, officiating, advisory groups, UK Members Council, our own events and other administrative roles are of inestimable worth to the sport of athletics. We continue to give our thanks and appreciation to each of our volunteers for their continued and valued contribution, and we congratulate our 6 Technical Officials who have been appointed by the International Paralympic Committee to officiate at the 2017 World Para Athletics Championships and 3 Technical Officials who have been appointed by the International Association of Athletics Federations to officiate at the 2017 IAAF World Championships in Athletics in London this year.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report, Corporate Governance Report, Equality, Diversity and Inclusion 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. Under that law the Directors have elected to prepare the financial statements in accordance with 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 for the Company's financial statements and then apply them consistently;
- make judgements 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.

UK ATHLETICS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

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

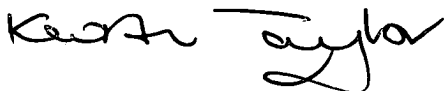
The Directors at the time when this Directors' Report is approved have confirmed that:

- 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.

Post balance sheet events

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

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



K Taylor
Company Secretary

Date: 4.8.17

UK ATHLETICS LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Company seeks to adopt the highest principles of good corporate governance, and requires all Directors to act at all times in accordance with the Company's Board Code of Conduct. This ensures that the organisation operates in accordance with two of its key values of: integrity and accountability and this also contributes to the effectiveness and efficiency of the Company's operations. The Company is confident that it will comply with the Code for Sports Governance which has been jointly issued by UK Sport and Sport England in advance of the compliance deadline of 31 October 2017.

The Board ensures that appropriate policies and procedures are adopted and communicated to Directors, staff and volunteers. All policies are subject to a rolling 2 year review and approval cycle through the Board, sub committees and Senior Leadership meetings as deemed relevant.

The Company proactively addresses and manages any conflicts of interest that may arise with individual Directors. Where these result in a related party transaction, this is disclosed under the Related Party note of the financial statements as seen in note 23.

The Board has a number of sub committees as detailed below.

Audit Committee

The Board has appointed an Audit Committee comprising a Chair and at least 2 other non-executive members of the Board.

The Committee meets at least three times a year. The Group Finance Director and Financial Controller are invited to be present at each meeting, to which the Chief Executive officer is also invited.

Part of at least one meeting a year is set aside for the Committee to meet with the external auditors without the presence of the Company's executive team. The Company's external statutory auditor for the year ended 31 March 2017 is Mazars LLP.

The 'Terms of Reference' document outlines the functions and responsibilities of the Committee. This document is reviewed annually by the Audit Committee and presented to the Board thereafter for approval. This was last reviewed by the Audit Committee in October 2016 and approved by the Board in November 2016.

The key tasks and responsibilities of the Committee are to:

- Make recommendations to the Board on the (re-) appointment of the Company's external auditors and their remuneration
- Perform an in depth scrutiny of financial reports to facilitate Board reviews
- Review the effectiveness of the Company's financial reporting and internal control policies and procedures
- Review the effectiveness of the Company's risk management strategy and underlying procedures for the identification, assessment, control and reporting of risks
- Review the business continuity plan and crisis simulation test reports
- Monitor the integrity of the financial statements reviewing significant financial reporting issues and judgements therein
- Review the reports of audits and financial / governance reviews conducted on behalf of UK Sport and Sport England
- Annually review the Company's whistleblowing policy and monitor any incidents
- Annually review the Company's insurance policies and the adequacy of insurance cover

The members of this Committee during the 2016-17 financial year were S Smart (Audit Committee Chair), P L Taylor and W R Worth, in addition M Allen is a co-optee to the Committee.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

Remuneration Committee

The Board has appointed a Remuneration Committee which comprises a Chair and at least two other non-executive Board members and meets at least twice a year. The Chief Executive Officer is to attend where discussions are taking place regarding Senior and Executive managers' salaries. The Head of Human Resources will also be asked to attend for those meetings where general remuneration is discussed.

The 'Terms of Reference' document outlines the functions and responsibilities of the Committee. This document is reviewed annually by the Audit Committee and presented to the Board thereafter for approval. This was last reviewed by the Audit Committee in October 2016 and approved by the Board in November 2016.

The key tasks and responsibilities of the Committee are to:

- Recommend and obtain the prior approval of the UK Members Council to the proposed remuneration of the members of the Board
- Review the framework and policies for remuneration of the Executive Directors
- Review the framework and policies for remuneration for all other members of staff
- Prepare recommendations to the Board on remuneration of all members of staff, including annual awards and incentive schemes
- Review and approve increases in remuneration of all staff with salaries in excess of £70,000 per annum
- Report formally to the Board at least once per year
- Make recommendations to the Board as appropriate given the scope of its duties

The members of this Committee during the 2016-17 financial year were W R Worth (Chair), S L Rowell and G D Arthur.

Athletics Appointments Panel

The Board has recently appointed an Athletics Appointments Panel to oversee senior Board and UK Members Council appointments. This Panel will meet as required during the course of business.

The Panel will usually consist of at least three members, being; Chair of the Company, President of the UK Members Council and one other Non-Executive Director. Where five members are needed it will also consist of one other non-executive Director plus one other member of the UK Members Council, both with specific skill and expertise pertinent to the appointment.

For appointments to positions on the Board, or for nominations to either President or Vice President of the UK Members Council, the Panel may also include up to two representatives from major stakeholders, for example, UK Sport or Sport England.

The 'Terms of Reference' document outlines the functions and responsibilities of the Panel. This was last reviewed and approved by the Board in February 2017.

The key tasks and responsibilities of the Panel are to:

- Make nominations for the positions of President and Vice President in accordance with the Election Regulations
- Set criteria and qualifications from time to time which may be used as guidance for appointments to the UK Members Council
- Make recommendations on the appointment and removal of the Chair
- Consult with UK Members Council on the terms and duration of office of the Chair

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

- Consult with the Chair prior to the Chair appointing the Chief Executive Officer and members of the Board on such terms and for such periods as the Chair thinks fit
- Interview candidates for the following roles: President, Vice President, Chair, Chief Executive Officer and other Board Members

Where decisions relating to the Chair are required to be made by the Panel, the Chair will be excluded from those meetings.

During the financial year 2016-17, the Athletics Appointments Panel met a number of times to consider the following appointments:

S R Bowker – Panel consisted of J Gardener, S Smart, M Nimmo, C Anthony and S L Rowell.

P L Taylor – Panel consisted of W R Worth, S L Rowell and C Anthony.

G D Arthur – Panel consisted of W R Worth, S L Rowell and C Anthony.

A Clements – Panel consisted of J Gardener and L Roy.

Performance Oversight Committee

The Board has appointed a Performance Oversight Committee to oversee the performance strategy and provide the Board with assurance around the operational delivery of that strategy. This Committee meets at least 3 times a year.

The membership will consist of at least 3 Non-Executive Directors. There is a minimum expectation that either the Performance Director or the Deputy Performance Director will attend each meeting.

The 'Terms of Reference' document outlines the functions and responsibilities of the Committee. This was last reviewed by the Performance Oversight Committee in June 2017 and approved by the Board in July 2017.

The key tasks and responsibilities of the Committee are to:

- Provide a more in depth informed review to provide the Board with assurance in the operational delivery of the agreed performance strategy, particularly pertaining to identified risks
- As delegated by the Board, to ratify performance decisions around policy philosophy, criteria and selection for the World Class Programme and international competitions
- Review the effectiveness of the performance policies and procedures
- Review UK Sport performance reports (Mission 2020) and where necessary make recommendations to the Board on actions required as a result of the review process

The members of this committee during the 2016-17 financial year were S L Rowell (Chair), A Wafula Strike and D C Bedford.

UK ATHLETICS LIMITED

EQUALITY, DIVERSITY AND INCLUSION REPORT FOR THE YEAR ENDED 31 MARCH 2017

The Company wants to attract and retain talented and diverse individuals to work within the organisation. It also wishes to promote equality of opportunity in the field of athletics giving every individual the chance to participate and achieve their potential free from prejudice and discrimination.

In January 2017 D Fraser was appointed as Equality, Diversity and Engagement Lead to embed the core values of the Organisation into all the Company's policies and procedures.

During the year the following key initiatives have been undertaken:

- Roll out of an Employee Equality and Diversity guide
- Staff have participated in an Equality and Diversity survey
- Project to ensure that existing recruitment agencies follow the Company's processes and procedures in sourcing potential candidates for new appointments
- Staff have participated in various culture awareness activities
- The Company values have been integrated into the annual staff appraisal process

The Company is a Disability Confident Employer and is proud to have achieved the intermediate level in the Equality Standard in Sport. The journey to achieving the advanced level status has continued during the year. The Company has also signed up to the Sports Charter to spread the message of no acceptance of homophobia and transphobia in sport.

The UK Athletics Board's gender representation currently complies with the requirement in the Code for Sports Governance for the Board to consist of a minimum of 30% of each gender.

Looking forward, the Company now seeks to build on achievements to date.

UK ATHLETICS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ATHLETICS LIMITED FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of UK Athletics Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 Statement of Directors' Responsibilities set out on page 8, 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 website at 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 2017 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, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

UK ATHLETICS LIMITED

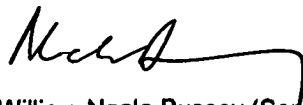
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK ATHLETICS LIMITED
FOR THE YEAR ENDED 31 MARCH 2017**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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: 4 AUGUST 2017

UK ATHLETICS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Income			
World class performance grants and related sponsorship		9,371,682	9,188,519
Major events and related sponsorship		9,463,696	10,735,897
Other sponsorship, grants and income		5,833,092	4,026,012
		<u>24,668,470</u>	<u>23,950,428</u>
Expenditure			
World class performance, GB & NI team		(9,371,682)	(9,188,519)
Major events		(8,223,832)	(8,079,703)
Development, governance and operations		(8,385,914)	(5,171,375)
		<u>(26,081,428)</u>	<u>(22,439,597)</u>
Operating (deficit)/surplus	5	(1,312,958)	1,510,831
Interest receivable and similar income	10	76,889	42,507
		<u>(1,236,069)</u>	<u>1,553,338</u>
(Deficit)/surplus before tax		(1,236,069)	1,553,338
Tax credit/(charge)	11	239,443	(328,243)
		<u>(996,626)</u>	<u>1,225,095</u>
(Deficit)/surplus for the financial year		(996,626)	1,225,095
Other comprehensive income for the year			
Fair value gains on hedging instrument	17	760,000	135,135
Tax charge for year	11	(144,400)	(27,027)
Transfer to income and expenditure	17	(934,878)	-
Tax credit on transfer in the year	11	190,341	-
		<u>(128,937)</u>	<u>108,108</u>
Other comprehensive (deficit)/income, net of taxation		(128,937)	108,108
		<u>(1,125,563)</u>	<u>1,333,203</u>
Total comprehensive (deficit)/income for the year		(1,125,563)	1,333,203

The notes on pages 20 to 44 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

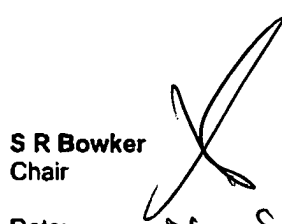
	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	-	-
Tangible assets	13	37,920	91,823
Investments	14	11,255	11,255
		<u>49,175</u>	<u>103,078</u>
Current assets			
Trade and other receivables	15	2,260,959	2,006,738
Cash at bank and in hand		13,499,401	16,313,034
		<u>15,760,360</u>	<u>18,319,772</u>
Trade and other payables	16	(12,352,898)	(13,840,650)
Net current assets		<u>3,407,462</u>	<u>4,479,122</u>
Total assets less current liabilities		<u>3,456,637</u>	<u>4,582,200</u>
Net assets		<u><u>3,456,637</u></u>	<u><u>4,582,200</u></u>
Reserves			
Cash flow hedge reserve	19	428,012	556,949
Accumulated fund – Income and expenditure reserve	19	3,028,625	4,025,251
		<u><u>3,456,637</u></u>	<u><u>4,582,200</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



N E de Vos
Chief Executive Officer

Date: 4.8.17



S R Bowker
Chair

Date: 4.8.17

The notes on pages 20 to 44 form part of these financial statements.

UK ATHLETICS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Cash flow hedge reserve £	Accumulated fund – Income and expenditure reserve £	Total equity £
At 31 March 2015	448,841	2,800,156	3,248,997
Surplus for the year	-	1,225,095	1,225,095
Other comprehensive income:			
Fair value gain in respect of items of other comprehensive income	135,135	-	135,135
Taxation expense	(27,027)	-	(27,027)
Other comprehensive income for the year	108,108	-	108,108
Total comprehensive income for the year	108,108	1,225,095	1,333,203
At 31 March 2016	556,949	4,025,251	4,582,200
Deficit for the year	-	(996,626)	(996,626)
Other comprehensive income:			
Fair value gains on hedging instrument	760,000	-	760,000
Tax charge for the year	(144,400)	-	(144,400)
Transfer to income and expenditure	(934,878)	-	(934,878)
Tax on transfer in the year	190,341	-	190,341
Other comprehensive income for the year	(128,937)	-	(128,937)
Total comprehensive income for the year	(128,937)	(996,626)	(1,125,563)
At 31 March 2017	428,012	3,028,625	3,456,637

UK ATHLETICS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
Cash flows from operating activities		
(Deficit)/surplus for the financial year	(996,626)	1,225,095
Adjustments for:		
Depreciation of tangible assets	76,244	44,687
Foreign exchange gains	1,156,709	27,668
Interest received	(76,889)	(42,507)
Taxation (credit)/charge	(239,443)	328,243
Decrease in trade and other receivables	22,095	345,407
(Decrease)/increase in trade and other payables	(1,150,910)	3,312,178
Corporation tax (paid)/received	(327,774)	81,924
Net cash (used)/generated from operating activities	(1,536,594)	5,322,695
Cash flows from investing activities		
Purchase of tangible fixed assets	(22,341)	(6,160)
Interest received	76,889	42,507
Net cash from investing activities	54,548	36,347
Cash and cash equivalents at beginning of year	16,313,034	10,850,280
Effect of exchange rates on cash and cash equivalents	(1,331,587)	103,712
Cash and cash equivalents at the end of year	13,499,401	16,313,034
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,499,401	16,313,034

UK ATHLETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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
- 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

London 2017 Limited and London Championships Limited, companies limited by guarantee, were incorporated for the purpose of staging the 2017 IAAF World Championships in Athletics and World Para Athletics Championships, respectively, in London. The Company is a joint 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.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)**2.3 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 period to 31 March 2021, 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.

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.

UK ATHLETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.4 Revenue recognition

Income

Income represents amounts derived principally from grants receivable, event sponsorship, TV broadcasting 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 £500,824 (2016: £574,318) 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 £3,762,819 (2016: £3,668,241) 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.

(v) Value in kind revenue

Value in kind agreements, whereby sponsors provide goods or services in return for sponsorship benefits, are recognised at the relevant market value of the item received at the time of receipt. The gross value is recognised both as income and a corresponding expense.

Interest

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

UK ATHLETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.5 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.

2.6 Tangible fixed assets

Tangible fixed assets are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently tangible fixed assets 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 the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10 years
Equipment, fixtures and fittings	- 5 years
Computer equipment	- 3 years

Tangible fixed assets are tested for impairment where an indication of impairment exists at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

2.7 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 Instruments 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

The Company's equity investments are stated at cost less accumulated impairment losses. The Company's investments do not have a quoted market price in an active market. On this basis there is no reliable way to measure the fair value of the investments.

Financial liabilities – classified as basic financial instruments

(i) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

2.7 Financial Instruments (continued)

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.

2.8 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. 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 at 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

2.9 Investments in associates

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

2.10 Operating 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.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)**2.11 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.

2.12 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

3.1 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.

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 and London Championships Limited are accounted for as investments in associate undertakings on the basis that the Company has significant influence over these entities. The Company has a 50% interest in both of these undertakings, which have been established as companies limited by guarantee. Due to the level of board representation, the Company has the power to participate in the financial and operating policy decisions of each entity.

3.2 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) Investments in Diamond League AG and Athletics G5

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.

The Company's shares in Athletics G5 are in relation to a partnership with French, German, Italian and Spanish counterparts with the aim to develop programmes and marketing rights, as well as the organisation of collective events that will be implemented by Athletics G5.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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

The investments in Diamond League AG and Athletics G5 are 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 debts.

4. Turnover

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

	2017 £	2016 £
Grants receivable - UK Sport	8,299,762	8,070,092
Grants receivable - Sport England	500,824	574,318
Grants receivable - Other	338,224	437,939
Sponsorship and rights fees	6,754,301	7,823,162
TV broadcasting	2,944,953	2,835,000
Ticket sales	2,787,264	2,760,531
Local Organising Committee services	2,151,869	861,743
Other income	891,273	587,643
	<u>24,668,470</u>	<u>23,950,428</u>

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

4. Turnover (continued)

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

	2017 £	2016 £
United Kingdom	20,006,521	20,047,047
Rest of European Union	3,330,250	2,605,890
Other European	1,331,699	1,292,491
Canada	-	5,000
	<u>24,668,470</u>	<u>23,950,428</u>

5. Operating (deficit)/surplus

The operating (deficit)/surplus is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	76,244	44,687
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22,000	20,100
Foreign exchange gain on foreign currency hedge	(934,878)	-
Foreign exchange gain	(221,830)	(27,668)
Operating lease rentals – buildings	507,900	483,088
Operating lease rentals – other	8,475	13,369
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22,000	20,100
	<u> </u>	<u> </u>
Fees payable to Company's auditor and its associates in respect of:		
Audit related assurance services	825	5,605
All other services	2,701	1,450
	<u>3,526</u>	<u>7,055</u>

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

7. Employees

The average monthly number of employees, including the Directors, during the year was as follows:

	2017 No.	2016 No.
World Class Performance	35	39
Major Events	14	12
Development, Government and Operations	47	45
	<u>96</u>	<u>96</u>

Staff costs, including Directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	4,663,194	4,575,900
Social security costs	515,771	522,492
Staff pension costs	457,887	437,226
Long term incentive plan accrual	19,380	11,875
	<u>5,656,232</u>	<u>5,547,493</u>

8. Remuneration of key management personnel

Key management personnel comprises the Directors, whose remuneration is also reported in note 10 below, and members of the senior management team. Their aggregate remuneration was as follows:

	2017 £	2016 £
Wages and salaries	1,064,512	1,142,938
Staff pension costs	190,036	129,726
Long term incentive plan accrual	19,380	11,875
	<u>1,273,928</u>	<u>1,284,539</u>

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Directors' remuneration

	2017 £	2016 £
Emoluments	450,165	478,942
Pension scheme contributions	67,615	36,955
Long term incentive plan accrual	19,380	11,875
	<u>537,160</u>	<u>527,772</u>

Included in the emoluments above is an amount of £6,900 (2016: £55,300) in respect of consultancy work performed by 1 Director (2016: 4 Directors).

The number of Directors who:

Receive remuneration (average)	9	9
Are members of a money purchase pension scheme	<u>1</u>	<u>1</u>

The Company has recognised an expense of £19,380 in the income and expenditure account for the current year (2016: £11,875), in respect of a long term incentive plan for the highest paid Director. As at 31 March 2017, £22,054 is included within accruals (2016: £34,950) in respect of these costs.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

9. Directors' remuneration (continued)

	2017 Emoluments £	2016 Emoluments £
Remuneration of all Directors:		
N E de Vos - salary	200,741	187,488
N E de Vos - pension scheme contributions	67,615	36,955
N E de Vos - long term incentive plan accrual	19,380	11,875
N E de Vos - Total remuneration	287,736	236,318
K Taylor	126,640	123,590
E W Warner	40,005	39,220
S L Rowell	20,061	45,807
A Wafula Strike	13,161	22,703
W R Worth	13,161	12,904
S Smart	13,161	12,904
D C Bedford	13,161	1,097
G D Arthur	7,678	-
S R Bowker	2,396	-
J Gardener	-	18,401
T Colton	-	14,828
P L Taylor	-	-
	537,160	527,772

N de Vos, and K Taylor as part of their roles for UK Athletics, provide services to the Company's two associates, London 2017 Limited and London Championships Limited, for which the Company received fees of £253,333 (2016: £162,692).

10. Interest receivable and similar income

	2017 £	2016 £
Bank interest receivable on cash and cash equivalents	76,889	42,507

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. Taxation

	2017 £	2016 £
Current tax		
Corporation tax on (deficit)/surplus for the year	(120,004)	309,814
Adjustments in respect of previous periods	(9,068)	1,730
Total current tax (credit)/charge	<u>(129,072)</u>	<u>311,544</u>
Deferred tax		
Origination and reversal of timing differences	(110,371)	16,699
Total deferred tax (credit)/charge	<u>(110,371)</u>	<u>16,699</u>
Total tax on (credit)/charge on ordinary activities	<u>(239,443)</u>	<u>328,243</u>

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
(Deficit)/surplus on ordinary activities before tax	(1,236,069)	1,553,338
(Deficit)/surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(247,214)	310,668
Effects of:		
Expenses not deductible for tax purposes	5,675	8,459
Adjustments to tax charge in respect of prior periods	(9,068)	1,730
Other differences	11,164	7,386
Total tax (credit)/charge for the year	(239,443)	328,243

Taxation included in other comprehensive income:

	2017 £	2016 £
Current tax:		
Corporation tax on fair value gain transfer at 20% (2016: 20%)	(190,341)	-
Corporation tax on fair value gain at 20% (2016: 20%)	-	27,027
Deferred tax:		
Deferred tax charge at 19% (2016: 19%)	144,400	-

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in July 2015 and takes effect from 1 April 2017. A further reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted in September 2016.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. Intangible assets

	Computer software £
Cost	
At 1 April 2016	633,210
At 31 March 2017	<u>633,210</u>
Amortisation	
At 1 April 2016	633,210
Charge for the year	-
At 31 March 2017	<u>633,210</u>
Net book value	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>-</u>

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2016	68,814	389,756	114,847	573,417
Additions	-	22,341	-	22,341
At 31 March 2017	68,814	412,097	114,847	595,758
Depreciation				
At 1 April 2016	27,684	347,311	106,599	481,594
Charge for the year	6,170	64,786	5,288	76,244
At 31 March 2017	33,854	412,097	111,887	557,838
Net book value				
At 31 March 2017	34,960	-	2,960	37,920
At 31 March 2016	41,130	42,445	8,248	91,823

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

14. Investments**Investments in equity interests**

Investments comprise equity shares in Diamond League AG of CHF12,000 and shares in Athletics G5 of €5,000

	£
Cost	
At 1 April 2016 and 31 March 2017	11,255
Provision for impairment	
At 1 April 2016 and 31 March 2017	-
Carrying value	
At 31 March 2017	<u>11,255</u>
At 31 March 2016	<u>11,255</u>

Investments in associate undertakings

Investments in associate undertakings relate to the Company's interest in London 2017 Limited and London Championships Limited. The Company has a 50% interest in both of these undertakings. Both entities are Companies limited by guarantee and accordingly the cost of both investments is £nil (2016: £nil).

15. Trade and other receivables

	2017 £	2016 £
Trade receivables	494,814	603,262
Other receivables	21,465	26,430
Amounts due from associated companies	771,954	825,141
Prepayments and accrued income	629,937	485,432
Corporation tax receivable	310,345	-
Deferred taxation (note 18)	32,444	66,473
	<u>2,260,959</u>	<u>2,006,738</u>

The amounts owed by associated undertakings are interest free and repayable on demand.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

16. Trade and other payables

	2017 £	2016 £
Trade payables	752,065	792,501
Other payables	944,401	950,916
Social security and other taxes	728,110	220,910
Corporation tax	-	336,842
Accruals	2,782,814	3,216,905
Deferred income	7,145,508	8,322,576
	<u>12,352,898</u>	<u>13,840,650</u>

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Financial Instruments

	2017 £	2016 £
Equity instruments measured at cost less impairment		
Investments	11,255	11,255
Financial assets that are debt instruments measured at amortised cost		
Trade and other receivables	2,260,959	2,006,738
Cash and cash equivalents	11,419,401	11,313,034
	<u>13,680,360</u>	<u>13,319,772</u>
Financial assets designated within a hedging relationship		
Cash and cash equivalents	2,080,000	5,000,000
Financial liabilities measured at amortised cost		
Trade and other payables	12,352,898	13,840,650

Hedging arrangements

The Company is committed on behalf of London 2017 Limited, to pay the prize money of US \$7,200,000 to medal winning athletes at the 2017 IAAF World Championships in Athletics. During a prior year the Company purchased US dollars to mitigate the currency exposure. During the year US \$4,600,000 was paid to London 2017 Limited as an advance payment in respect of the prize money. The Company is still exposed to the foreign exchange risk associated with movements in the USD:GBP exchange rate, on the remaining US \$2,600,000.

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 change in the fair value of the hedging instrument that has been recognised through other comprehensive income during the year is a gain of £760,000 (2016: gain of £135,135).

The total fair value gain on the hedge covering the periods ending 31 March 2015, 31 March 2016 and 31 March 2017 was £1,463,288. The foreign exchange gain relating to the advance payment of US \$4,600,000 amounting to £934,878 has been transferred from Other comprehensive income to Income and expenditure together with the associated tax charge.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

18. Deferred taxation

	Depreciation in advance of capital allowances £	Short term other differences £	Total £
As at 1 April 2016	59,175	7,298	66,473
(Charged)/credited to Income and expenditure	(6,514)	116,885	110,371
(Charged)/credited to Other comprehensive income	-	(144,400)	(144,400)
At 31 March 2017	52,661	(20,217)	32,444

The Company expects to reverse £66,986 (2016: £7,298) of deferred tax assets and £100,398 (2016: £nil) of deferred tax liabilities during the year ended 31 March 2018 which is due to the reversal of timing differences between capital allowances and depreciation charges and on short term other differences.

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

19. Reserves**Cash flow hedge reserve**

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

Accumulated fund - Income and expenditure reserve

This reserve comprises accumulated surpluses and deficits retained in previous periods and in the current period.

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. 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 £447,479 (2016: £427,610). As at the reporting date, amounts payable of £nil (2016: £nil) 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 scheme. The total amount recognised in the Income and expenditure account during the period was £10,408 (2016: £9,616). As at the reporting date, amounts payable of £nil (2016: £nil) had not been paid over to the scheme.

21. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	306,750	514,743
Later than 1 year and not later than 5 years	467,371	478,046
Later than 5 years	2,184	79,125
	<u>776,305</u>	<u>1,071,914</u>

A total of £516,375 was recognised as an operating lease expense in the period (2016: £496,457).

UK ATHLETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

22. Commitments and off balance sheet arrangements

In pursuing its principal activity, the Company makes various commitments to provide future funding to support and promote athletics in the UK. The provision of this funding is recognised in the financial statements as and when incurred.

The Company is a partner, together with the Greater London Authority, in the staging of both the 2017 IAAF World Championships in Athletics (in partnership with the Greater London Authority and UK Sport) and the 2017 World Para Athletics Championships (in partnership with the Greater London Authority), which are being hosted by the Company's associate undertakings London 2017 Limited and London Championships Limited respectively. As part of its involvement in partnering the 2017 IAAF World Championships in Athletics, the Company made a payment of US \$4,600,000 during the year and is committed to making a further payment of US \$2,600,000 for prize money. This further payment is expected to be made in August 2017 and will be accounted for, together with other income and expenditure related to these events, in the Company's financial statements for the year ending 31 March 2018. The Company has not entered into any off balance sheet arrangements.

23. Related party transactions

E Warner was Chair of the Company to 16 June 2017, and is Co-Chair of London 2017 Limited. T Colton, Major Events Director of the Company is a member of the London 2017 Limited Board.

The Company is a joint 50% member of London 2017 Limited along with the Greater London Authority.

The Company recharged costs totalling £3,564,636 (2016: £1,282,624) to London 2017 Limited during the year, and a debtor balance of £705,719 (2016: £489,429) is outstanding from London 2017 Limited at the year end. The Company also provided London 2017 Limited £3,680,000 to fund athletics prize money for the 2017 IAAF World Championships in Athletics.

E Warner was Chair of the Company to 16 June 2017, and is Co-Chair of London Championships Limited. T Colton, Major Events Director of the company is a member of the London Championships Limited Board.

The Company is a joint 50% member of London Championships Limited along with the Greater London Authority.

The Company recharged costs totalling £551,201 (2016: £337,207) to London Championships Limited during the year, and a debtor balance of £66,235 (2016: £335,713) is outstanding from London Championships Limited at the year end.

E Warner was Chair of the Company to 16 June 2017, and is Chair of LMAX. During the year UK Athletics made a dollar purchase with a value of £1,626,254 (2016: £nil) from LMAX.

E Warner was Chair of the Company to 16 June 2017, and is a Non-Executive Director of Grant Thornton. During the year the Company paid Grant Thornton £5,000 (2016: £2,250) for expenses incurred on the Company's behalf, of which £nil (2016: £nil) was outstanding at year end. The Company also entered into a Value in Kind agreement with Grant Thornton during the year where £306,878 (2016: £106,813) of staff costs were received from Grant Thornton and £306,878 (2016: £106,813) of commercial rights provided to Grant Thornton.

UK ATHLETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. Related party transactions (continued)

J Gardener, President of the Company, is a consultant for the University of Bath. During the year the Company paid £50,454 (2016: £50,565) to the University of Bath for facilities hire and medical services of which £14,779 (2016: £14,531) was outstanding at year end.

S Rowell, a non-executive Director of the Company, provided consultancy services to the Company's elite performance activities during the year for which the Company paid £6,900 (2016: £32,900). These payments are included in Directors' remuneration as stated in note 9.

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 (2016: £250,000). The Company also paid for room hire and accommodation in the year of £nil (2016: £219) of which £nil (2016: £219) was outstanding at the year end.

S Rowell, a non-executive Director of the Company, is a member of the IAAF road running commission. During the financial year the Company received rights fees from IAAF for the rights to the Birmingham and London Diamond League meetings of £303,639 (2016: £271,766) of which £nil (2016: £nil) was outstanding at year end.

During the year the Company received income of £nil (2016: £17,666) from the IAAF and the IAAF paid costs on behalf of the Company of £14,901 (2016: £84,135) in relation to IAAF competition events.

D Bedford, a non-executive Director of the Company, is an independent member of the UK Sport Gold Events Board. During the Financial year the Company received £8,303,404 (2016: £8,071,287) from UK Sport. This consisted of Grant Awards of £8,299,762 (2016: £8,070,092) and recharges to UK Sport for services booked on their behalf £3,642 (2016: £1,195). The Company also paid for delegate fees, medical insurance and accommodation of £25,001 (2016: £26,349) to UK Sport.

D Bedford, a non-executive Director of the Company, is also President of Shaftesbury Barnet Harriers. The company paid grant contributions of £1,500 (2016: £1,800) to Shaftesbury Barnet Harriers for the European Champion Clubs cup for Juniors held in Spain and the Muller Anniversary Games held in London, and also an award for successes at the UK Championships and the Olympic Trials £500 (2016: £nil). Of this £nil (2016: £nil) was outstanding at year end.

A Wafula Strike, a non-executive Director of the Company, is a sporting ambassador for the organisation Right to Play. During the financial year the Company received £758 (2016: £nil) from Right to Play in relation to food provided at the Anniversary Games in London. Of this £nil (2016: £nil) was outstanding at year end.

R Worth, a non-executive Director of the Company to 31 March 2017, is also a consultant for The Sports Consultancy. During the year the Company paid £96,218 (2016: £nil) to The Sports Consultancy in relation to commission on sponsorship contracts, and also paid £7,883 (2016: £nil) to The Sports Consultancy for legal advice in relation to sponsorship contracts. Of this £nil (2016: £nil) was outstanding at year end.

D Herbert, Clean Athletics Manager, is also an Anti-Doping delegate for European Athletics. During the financial year the company paid £53,344 (2016: £nil) to European Athletics for accommodation costs in relation to European Athletics events, of which £nil (2016: £nil) was outstanding at year end. During the year the Company received £16,675 (2016: £15,144) from European Athletics in relation to charges for attendance at seminars held by the Company, of which £nil (2016: £nil) was outstanding at year end.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. Related party transactions (continued)

D Herbert, Clean Athletics Manager, is also a Doping Control Officer for UK Anti-Doping. During the financial year the company paid £26,521 (2016: £18,366) to UK Anti-doping for sample testing services, of which £nil (2016: £nil) was outstanding at year end.

24. Post balance sheet events

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

25. Controlling party

There is no parent undertaking and no ultimate controlling party.

26. 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 UK Members Council members, as defined in the Company's Articles of Association.