

**UK Athletics Limited**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2016**

**Company Registration Number: 03686940**

## **Contents**

**For the year ended 31 March 2016**

Company Information	2
Directors' Report	3
Strategic Report	6
Independent Auditor's Report to the Members of UK Athletics Limited	10
Statement of Income and Expenditure	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Cash Flow Statement	15
Notes to the Financial Statements	16

## **Company Information**

### **MEMBERS COUNCIL**

C Anthony  
L Clarke  
A Clements  
Lord S Coe  
R Corry  
D Fraser  
J Gardener  
W Haxell

P King  
R Morrison  
K Reed  
N Rowe  
L Roy  
A Shiret  
R Simons

### **DIRECTORS**

G Arthur  
D C Bedford  
N E De Vos  
S L Rowell  
S Smart  
K Taylor

P Taylor  
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 2016**

The Directors present their annual report and the audited financial statements for the year ended 31 March 2016.

### **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 Central and Local Government, Home Country Athletics Federations, Clubs and Schools.

### **Results**

The surplus after taxation for the year is £1,225,095 (2015: Deficit - £540,244) and comprehensive income for the year is a surplus of £1,333,203 (2015: Deficit - £91,403).

### **Reserves**

The Company's Income and Expenditure Reserve as at 31 March 2016 is £4,025,251 (2015: £2,800,156).

The Company also has a cash flow hedge reserve for which the balance as at 31 March 2016 is £556,949 (2015: £448,841). This reserve relates to an advance purchase of US Dollars in order to meet the Company's commitment to pay the prize money at the 2017 IAAF World Championships in 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 following were directors of the Company during the period, and up to date this report was signed:

G Arthur – appointed 1st September 2016

D C Bedford – appointed 1st March 2016

T J Colton – resigned 29th February 2016

N E De Vos

J Gardener – resigned 4th December 2015

S L Rowell

S Smart

K Taylor

P Taylor – appointed 1st September 2016

A Wafula Strike

E W Warner

W R Worth

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

Directors and Officers liability insurance has been purchased by the Company during the year.

## **Directors' Report**

**For the year ended 31 March 2016**

### **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.

### **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 and other administrative roles are of inestimable worth. We continue to give our thanks and appreciation to each of our volunteers for their valued contribution.

### **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 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.

### **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.

## Directors' Report

For the year ended 31 March 2016

### 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.

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



Kevan Taylor, Company Secretary

Date: 29 September 2016

## **Strategic Report**

**For the year ended 31 March 2016**

### **Business review**

The Directors present their Strategic Report on the Company for the year ended 31 March 2016.

Great Britain & Northern Ireland athletes enjoyed excellent medal hauls at World and European levels, claiming a total of 115 medals across all disciplines (59 for disability athletes and 56 for able athletes).

This high medal tally included 46 gold medals, 36 silver medals and 33 bronze medals across both programmes. Congratulations are due to each athlete for their performances at all Championships, which are important steps on the path to the Olympic and Paralympic Games in Rio in 2016 and the IAAF and IPC World Championships in London in 2017.

As expected, our total income at £23,950,428 (2015: £21,358,371) is higher than in the prior year as we were able to return to the Queen Elizabeth Stadium to host our successful 2015 Anniversary Games. Our commercial income streams during the year included income for our major event outdoor and indoor series totalling £10,735,897 (2015: £9,555,123) and other sponsorship income of £2,143,231 (2015: £1,757,158).

The surplus of £1,225,095 (2015: deficit £540,244) reported is in accordance with expectations and builds up our reserves for the future support of our sport.

This is the second year we have reported under FRS102, as the directors decided on early adoption of the standard in the prior year.

The Company's total comprehensive income for the year is a surplus of £1,333,203 (2015: Deficit of £91,403), after recognising other comprehensive income of £108,108 (2015: £448,841) which relates to the Company's commitment to pay prize money at the 2017 IAAF World Championships of Athletics. 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.

### **Going concern**

The Directors are responsible for ensuring that the principle of 'Going concern' is followed and thus regularly review rolling four year plans through the Audit Committee and then through Board Meetings. The Directors recognise that the environment for sports funding, both commercial and public, has changed in recent years and that this will impact on reserves in the future. The Board is taking active measures to identify actions necessary to ensure the sustainability of the organisation, including a strategic review of the fundamental objectives of the organisation.

### **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 £24.0m increased in this financial year (up 12%), primarily because we were able to stage the Anniversary Games back in the Queen Elizabeth Stadium, with the obvious benefits of increased spectator numbers. Total expenditure of £22.4m has increased during the year (up 2%).

Income from grants and sponsorship dedicated to the World Class Performance Programme was £9.2m, an increase of 14%, principally due to higher income for the UK Sport award. Expenditure on this programme matched its income. The bulk of this income 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.

## **Strategic Report**

**For the year ended 31 March 2016**

Income for our Major Events has increased to £10.7m (up 12%) as we reflect an increase in ticket sales due to our return to the Queen Elizabeth Stadium in London. Costs have reduced to £8.1m (down 13%) as we have focussed on cost savings.

Other Sponsorship, grants and income has increased to £4m (up 8%), largely due to additional Value in Kind income and income from the provision of a Local Organising Committee for the 2017 World Championships in Athletics.

Costs for development, governance and operations for the year at £5.2m (up 9%), have increased largely due to increased costs of activities in relation to the provision of a Local Organising Committee for the 2017 World Championships in Athletics and an increase in activities in Competitions.

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 additional 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 £4m (2015: £2.8m) and a Cash Flow Hedge Reserve of £0.6m (2015: £0.4m) with Net Current Assets of £4.5m (2015: £3.1m) and Fixed Assets of £0.1m (2015: £0.1m). These assets include Bank balances of £16.3m which are £5.5m higher than in 2015, mainly due to the operating surplus and the receipt of income received in advance relating to future periods from a number of our major commercial partners.

During the year the Company spent £0.01m on capital expenditure (2015: £0.04m) and did not dispose of any fixed assets (2015: Nil).

### **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 our Elite Performance Programme. Our Paralympic athletes came home from the IPC World Championships with 13 gold medals, 9 silver and 9 bronze medals, of which 28 counted towards the UK Sport targets of 26 to 30 medals. Our Olympic athletes won 4 gold, 1 silver and 2 bronze medals at the World Championships in 2015, within the range set by UK Sport.

#### **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 achieved during 2015-2016 with nine English athletes progressing through against a target range from Sport England of seven to nine.

#### **Major Events**

There are a number of KPIs relating to major events in one of our commercial agreements and we successfully achieved all of these KPIs for the calendar year 2015.

## Strategic Report

For the year ended 31 March 2016

### Members and Board Attendance

Members of our UK Members Council and directors take an active participative role in UK Athletics, with a number of meetings held which are well supported, with 160 attendances out of a possible 175 achieved – an attendance record of 91%. Attendances of individuals are in the table below:

#### Attendance at Committees 1 April 2015 to 31 March 2016 (Attendances/Total meetings whilst a member)

	UK Members Council	Board	Audit Committee	Remuneration Committee	Performance Oversight Committee	CEO Forum
Ed Warner		7/7		2/2		
David Bedford		1/1			1/1	
Terry Colton		6/6	3/3			
Niels de Vos		7/7				7/7
Sarah Rowell		6/7		2/2	3/3	
Sarah Smart		7/7	3/3			
Kevan Taylor		7/7				
Anne Wafula Strike		6/7			2/3	
Richard Worth		7/7	3/3	2/2		
Jason Gardener	3/4	5/7			2/3	
Lynn Davies	3/3					
Donna Fraser	2/2					
Carol Anthony	4/4					
Lawrence Clarke	2/2					
Lord Sebastian Coe	0/4					
Roy Corry	3/4					
Wendy Haxell	4/4					
Peter King	4/4					
Keith May	3/3					
Keith Reed	4/4					
Nigel Rowe	3/4					
Leslie Roy	4/4					
Tony Shiret	2/2					
Roger Simons	4/4					
John Allen						5/7
Nigel Holl						7/7
Chris Jones						7/7
Matt Newman						7/7

### 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.

## **Strategic Report**

**For the year ended 31 March 2016**

### **Commercial 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 rights agency is dedicated to securing 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 at the vanguard of campaigning to clean the sport up and take a firm line with athletes and countries that fall foul of the rules.

### **Organisational risk**

A significant risk to the organisation is our ability to meet the operational demands of 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. Strategic plans are in progress to ensure that this risk is mitigated.

### **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. The high standard of our governance processes has been recognised by green ratings awards to the company from both our funding partners, this is the highest rating awarded.

The Board is conscious of the changing technological environment that the organisation operates in and is working on plans to ensure the Organisation is placed well for the future.

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



**Kevan Taylor, Company Secretary**

Date: 29 September 2016

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

**For the year ended 31 March 2016**

We have audited the financial statements of UK Athletics Limited for the year ended 31 March 2016 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 2016 and of its surplus 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 Auditor's Report to the Members of UK Athletics Limited

For the year ended 31 March 2016

### 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: 6 OCTOBER 2016

## Statement of Income and Expenditure

For the year ended 31 March 2016

	Note	Year ended 31 March 2016 £	Year ended 31 March 2015 £
<b>Income</b>			
World class performance grants and related sponsorship		9,188,519	8,069,471
Major events and related sponsorship		10,735,897	9,555,123
Other sponsorship, grants and income		4,026,012	3,733,777
	<b>3</b>	<b>23,950,428</b>	<b>21,358,371</b>
<b>Expenditure</b>			
World class performance, GB & NI team		9,188,519	8,069,471
Major events		8,079,703	9,262,443
Development, governance and operations		5,171,375	4,763,346
		<b>22,439,597</b>	<b>22,095,260</b>
<b>Operating surplus/(deficit)</b>	<b>5</b>	<b>1,510,831</b>	<b>(736,889)</b>
Interest receivable and similar income	<b>4</b>	42,507	48,673
<b>Surplus/(deficit) before taxation</b>		<b>1,553,338</b>	<b>(688,216)</b>
Taxation (expense)/credit	<b>9</b>	(328,243)	147,972
<b>Surplus/(deficit) for the year</b>		<b>1,225,095</b>	<b>(540,244)</b>
<b>Other comprehensive income:</b>			
Cash flow hedges:			
- Fair value gains on hedging instrument	<b>19</b>	135,135	568,153
- Taxation expense	<b>9</b>	(27,027)	(119,312)
<b>Other comprehensive income, net of taxation</b>		<b>108,108</b>	<b>448,841</b>
<b>Total comprehensive income/(deficit) for the year</b>		<b>1,333,203</b>	<b>(91,403)</b>

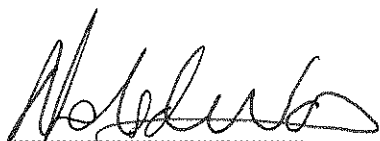
The notes on pages 16 to 34 are an integral part of these financial statements.

## Statement of Financial Position

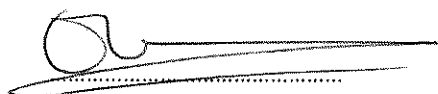
As at 31 March 2016

	Note	31 March 2016 £	31 March 2015 £
<b>Non-current assets</b>			
Intangible assets	10	-	-
Property, plant and equipment	11	91,823	130,350
Investments	12	11,255	7,499
		<u>103,078</u>	<u>137,849</u>
<b>Current assets</b>			
Trade and other receivables	13	2,006,738	2,452,498
Cash and cash equivalents		<u>16,313,034</u>	<u>10,850,280</u>
		18,319,772	13,302,778
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	14	<u>(13,840,650)</u>	<u>(10,164,602)</u>
		(13,840,650)	(10,164,602)
Net current assets		<u>4,479,122</u>	<u>3,138,176</u>
<b>Total assets less current liabilities</b>		<u>4,582,200</u>	<u>3,276,025</u>
<b>Creditors: Amounts falling due in more than one year</b>			
Trade and other payables	14	-	(27,028)
<b>Net assets</b>		<u>4,582,200</u>	<u>3,248,997</u>
<b>Reserves</b>			
Cash flow hedge reserve		556,949	448,841
Accumulated fund – Income and expenditure reserve		4,025,251	2,800,156
		<u>4,582,200</u>	<u>3,248,997</u>

These financial statements were approved by the Board of Directors and authorised for issue on 29 September 2016



Niels de Vos  
Chief Executive



Edmond Warner  
Chairman

The notes on pages 16 to 34 are an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 March 2016

	Cash flow hedge reserve	Accumulated fund – Income and Expenditure reserve	Total
	£	£	£
<b>At 1 April 2014</b>	-	3,340,400	3,340,400
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>
Surplus for the year	-	1,225,095	1,225,095
Other comprehensive income	108,108	-	108,108
<b>Total comprehensive income for the year</b>	<b>108,108</b>	<b>1,225,095</b>	<b>1,333,203</b>
<b>At 31 March 2016</b>	<b>556,949</b>	<b>4,025,251</b>	<b>4,582,200</b>

### 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.

The notes on pages 16 to 34 are an integral part of these financial statements.

## Cash Flow Statement

For the year ended 31 March 2016

	Note	31 March 2016 £	31 March 2015 £
<b>Operating surplus/(deficit)</b>		<b>1,510,831</b>	<b>(736,889)</b>
Adjustments for:			
Depreciation of property, plant and equipment	11	44,687	46,102
Foreign exchange gains		27,668	116,366
Operating cash flow before movement in working capital		1,583,186	(574,421)
Decrease in trade and other receivables		345,407	1,359,772
Increase/(decrease) in trade and other payables		3,312,178	(2,424,352)
Interest receivable	4	42,507	48,673
Corporation tax received/(paid)		81,924	(244,486)
<b>Net cash flows from operating activities</b>		<b>5,365,202</b>	<b>(1,834,814)</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	-
Purchase of property, plant and equipment	11	(6,160)	(44,258)
<b>Net cash flows used in investing activities</b>		<b>(6,160)</b>	<b>(44,258)</b>
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,359,042</b>	<b>(1,879,072)</b>
Cash and cash equivalents at the beginning of the year		10,850,280	12,277,565
Effect of exchange rates on cash and cash equivalents		103,712	451,787
<b>Cash and cash equivalents at end of the year</b>		<b>16,313,034</b>	<b>10,850,280</b>

The notes on pages 16 to 34 are an integral part of these financial statements.

## **Notes to the Financial Statements**

**For the year ended 31 March 2016**

### **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.

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

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 period to 31 March 2020, 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 2016

### 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 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 £574,318 (2015: £1,092,703) 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 £3,668,241 (2015: £5,160,129) 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 2016

### 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. 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.

#### 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
Equipment, fixtures and fittings	5 years

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 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 FR102 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.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 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 2016

### 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 entities. The Company was 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 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) *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.

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.

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

**For the year ended 31 March 2016**

### **3 Income**

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

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
Grants receivable	9,082,349	8,112,971
Sponsorship and rights fees	7,823,162	7,831,281
TV broadcasting	2,835,000	3,057,893
Ticket sales	2,760,531	1,388,082
Other income from the provision of services	1,449,386	968,144
	<u>23,950,428</u>	<u>21,358,371</u>

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

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
United Kingdom	20,047,047	17,790,226
Rest of European Union	2,605,890	2,567,610
Other European	1,292,491	995,535
Canada	5,000	5,000
	<u>23,950,428</u>	<u>21,358,371</u>

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

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
Bank interest receivable on cash and cash equivalents	42,507	48,673
	<u>42,507</u>	<u>48,673</u>

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

**For the year ended 31 March 2016**

### **5 Operating surplus/(deficit)**

Operating surplus/(deficit) is stated after charging/(crediting):

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
Depreciation of property, plant and equipment	44,687	46,102
Operating lease rentals - buildings	483,088	320,248
Operating lease rentals - other	13,369	12,387
Foreign exchange (gain)	<u>(27,668)</u>	<u>(79,417)</u>

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

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts	20,100	19,500
Fees payable to the Company's auditors and their associates for other services to the Company:		
Audit related assurance services	5,605	325
Other services	<u>1,450</u>	<u>9,250</u>
	<u>27,155</u>	<u>29,075</u>

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

**For the year ended 31 March 2016**

### **6 Staff costs**

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

	<b>31 March 2016</b>	<b>31 March 2015</b>
World Class Performance	39	35
Major Events	12	13
Development, Governance and Operations	45	53
	<u>96</u>	<u>101</u>

Their aggregate staff costs comprised:

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
Wages and salaries	4,575,900	4,459,332
Social security costs	522,492	523,262
Staff pension costs	437,226	451,305
Long term incentive plan accrual	11,875	11,875
	<u>5,547,493</u>	<u>5,445,774</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 2016 £</b>	<b>31 March 2015 £</b>
Wages and salaries	1,142,938	1,050,591
Social security costs	133,502	121,757
Staff pension costs	129,726	133,118
Long term incentive plan accrual	11,875	11,875
	<u>1,418,041</u>	<u>1,317,341</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 8 Directors' remuneration

	31 March 2016 £	31 March 2015 £
Emoluments	478,942	415,165
Pension scheme contributions	36,955	32,532
Long term incentive plan accrual	11,875	11,875
	<u>527,772</u>	<u>459,572</u>

Included in emoluments above is an amount of £55,300 (2015: nil) in respect of consultancy work performed by 4 Directors.

#### The number of Directors who:

Receive remuneration (average)	9	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 (2015: £11,875), in respect of a long term incentive plan for the highest paid Director. The total amount will be determined by performance criteria over the four years ending 31 March 2017. As at 31 March 2016, £34,950 is included within accruals (2015: £23,075) in respect of these costs.

	31 March 2016 £	31 March 2015 £
<b>Remuneration of the highest paid Director:</b>		
Emoluments	187,488	187,906
Pension scheme contributions/benefits accruing	36,955	32,532
Long term incentive plan accrual	11,875	11,875
	<u>236,318</u>	<u>232,313</u>

The highest paid Director, as part of their role for UK Athletics, provides services to the company's two associates, 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 2016

### 9 Taxation

The tax charge/(credit) comprises:

#### Taxation included in Statement of Income and Expenditure

	31 March 2016 £	31 March 2015 £
<b>Current tax on surplus on ordinary activities</b>		
UK corporation tax at 20% (2015: 21%)	309,814	(202,973)
Adjustments in respect of prior years	1,730	(2,195)
<b>Total current tax charge/(credit)</b>	<b>311,544</b>	<b>(205,168)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	16,699	57,196
<b>Total deferred tax charge</b>	<b>16,699</b>	<b>57,196</b>
<b>Total tax charge/(credit) on surplus on ordinary activities</b>	<b>328,243</b>	<b>(147,972)</b>

Tax on surplus/(deficit) on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are reconciled below:

	31 March 2016 £	31 March 2015 £
Surplus/(deficit) on ordinary activities before taxation	1,553,338	(688,216)
Corporation tax calculated at 20% (2015: 21%)	310,668	(144,525)
Effects of:		
Expenses not deductible for tax purposes	8,459	8,836
Adjustment in respect of prior years	1,730	(2,195)
Utilisation of losses previously unrecognised	-	(7,228)
Other differences	7,386	(2,860)
<b>Tax charge/(credit) for the year</b>	<b>328,243</b>	<b>(147,972)</b>

#### Taxation included in other comprehensive income

	31 March 2016 £	31 March 2015 £
<b>Current tax on other comprehensive income</b>		
UK corporation tax charge at 20% (2015: 21%)	27,027	119,312

#### Factors affecting the tax charge

During the year the UK corporation tax rate was changed from 21% to 20%, effective from 1 April 2015.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantively enacted in October 2015.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 10 Intangible assets

	£
	<b>Computer software</b>
<b>Cost</b>	
At 1 April 2015	633,210
Additions	-
At 31 March 2016	<u>633,210</u>
<b>Amortisation</b>	
At 1 April 2015	633,210
Amortisation for the year	-
At 31 March 2016	<u>633,210</u>
<b>Carrying value</b>	
At 31 March 2016	<u>-</u>
At 31 March 2015	<u>-</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 11 Property, plant and equipment

	Leasehold improvements	Computer equipment	Equipment, fixtures and fittings	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2015	68,814	108,687	389,756	567,257
Additions	-	6,160	-	6,160
At 31 March 2016	<u>68,814</u>	<u>114,847</u>	<u>389,756</u>	<u>573,417</u>
<b>Depreciation</b>				
At 1 April 2015	21,515	98,718	316,674	436,907
Depreciation charge for the year	6,169	7,881	30,637	44,687
At 31 March 2016	<u>27,684</u>	<u>106,599</u>	<u>347,311</u>	<u>481,594</u>
<b>Carrying value</b>				
At 31 March 2016	<u>41,130</u>	<u>8,248</u>	<u>42,445</u>	<u>91,823</u>
At 31 March 2015	<u>47,299</u>	<u>9,969</u>	<u>73,082</u>	<u>130,350</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 12 Investments

#### Investments in equity interests

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

	£
<b>Cost</b>	
At 1 April 2015	7,499
Additions	3,756
At 31 March 2016	<u>11,255</u>
<b>Provision for impairment</b>	
At 1 April 2015 and 31 March 2016	<u>-</u>
<b>Carrying value</b>	
At 31 March 2016	<u>11,255</u>
At 31 March 2015	<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. The Company was the sole member of these entities during the year. Subsequent to the year end, the Greater London Authority assumed a 50% interest in both of London 2017 Limited and London Championships Limited reducing the Company's interest to 50%. Both entities are Companies limited by guarantee and accordingly the cost of both investments is £nil (2015: £nil).

### 13 Trade and other receivables

	31 March 2016 £	31 March 2015 £
<b>Amounts falling due within one year:</b>		
Trade receivables	603,262	1,091,229
Other receivables	26,430	105,751
Amounts due from associated companies	825,141	447,097
Prepayments and accrued income	485,432	641,595
Corporation tax receivable	-	83,654
Deferred tax (note 15)	66,473	83,172
	<u>2,006,738</u>	<u>2,452,498</u>

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 14 Trade and other payables

	31 March 2016	31 March 2015
<b>Amounts falling due within one year:</b>		
Trade payables	792,501	307,633
Other payables	950,916	1,173,196
Social security and other taxes	220,910	530,439
Corporation tax	336,842	-
Accruals	3,216,905	3,025,290
Deferred income	8,322,576	5,128,044
	<u>13,840,650</u>	<u>10,164,602</u>
<b>Amounts falling due in more than one year:</b>		
Accruals	-	27,028
	<u>-</u>	<u>27,028</u>

### 15 Deferred taxation

	Depreciation in advance of capital allowances £	Short-term other difference s £	Total £
At 1 April 2015	77,766	5,406	83,172
(Charged)/credited to income and expenditure	(18,591)	1,892	(16,699)
At 31 March 2016	<u>59,175</u>	<u>7,298</u>	<u>66,473</u>
Deferred tax asset			<u>66,473</u>

The Company expects to reverse £7,298 (2015: £8,836) of deferred tax assets and £nil (2015: £nil) of deferred tax liabilities during the year ended 31 March 2017 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.

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 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 £427,610 (2015: £442,760). As at the reporting date, amounts payable of £nil (2015: £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 schemes. The total amount recognised in the income and expenditure account during the period was £9,616 (2015: £8,545). As at the reporting date, amounts payable of £nil (2015: £nil) had not been paid over to the scheme.

### 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 2016 £	31 March 2015 £
<b>Buildings</b>		
Not later than one year	504,715	324,450
Later than one year and not later than five years	474,768	702,753
Later than five years	79,125	197,814
<b>Other</b>		
Not later than one year	10,028	11,798
Later than one year and not later than five years	3,278	22,577
Later than five years	-	-
Total future minimum lease payments	<u>1,071,914</u>	<u>1,259,392</u>

A total of £496,457 was recognised as an operating lease expense in the period (2015: £332,635).

## Notes to the Financial Statements (continued)

For the year ended 31 March 2016

### 18 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 IPC 2017 World 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 is committed to making a payment of US \$7,200,000 for prize money. This 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.

### 19 Financial instruments

	31 March 2016	31 March 2015
<b>Equity instruments measured</b>		
Investments	11,255	7,499
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade and other receivables	2,006,738	2,452,498
Cash and cash equivalents	11,313,034	5,985,415
<b>Financial assets designated within a hedging relationship</b>		
Cash and cash equivalents	5,000,000	4,864,865
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	13,840,650	10,191,630

#### Hedging arrangements

The Company is committed, on behalf of London 2017 Limited, to pay the prize money to medal winning athletes at the 2017 IAAF World Championships in Athletics in US dollars. During the prior year, funds were purchased in US dollars in preparation for the staging of the 2017 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 1.44. The change in the fair value of the hedging instrument that has been recognised through other comprehensive income during the year is £135,135, together with an associated taxation expense of £27,027. 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 2016**

### **20 Related party transactions**

E Warner, Chairman of the Company, was Chairman of London 2017 Limited during the year. N de Vos Chief Executive officer of the Company was Chief Executive Officer of London 2017 Limited during the year. Terry Colton, Major Events Director of the company is a member of the London 2017 Limited Board.

The Company was the sole member of London 2017 Limited during the year.

The Company recharged costs totalling £1,282,876 (2015: £560,170) to London 2017 Limited during the year, and a debtor balance of £489,428 (2015: £402,331) is outstanding from London 2017 Limited at the year end.

E Warner, Chairman of the Company, was Chairman of London Championships Limited during the year. N de Vos Chief Executive officer of the Company was Chief Executive Officer of London Championships during the year. Terry Colton, Major Events Director of the company is a member of the London Championships Limited Board.

The Company was the sole member of London Championships Limited during the year.

The Company recharged costs totalling £337,207 (2015: £44,766) to London Championships Limited during the year, and a debtor balance of £335,713 (2015: £44,766) is outstanding from London Championships Limited at the year end.

E Warner, Chairman of the Company is Chairman of the IPC Athletics Sports Technical committee (the IPC). During the year UK Athletics received grant funding from the IPC £nil (2015: £25,000).

During the year the Company paid the IPC £53,058 (2015: £41,180) for license and course fees. The creditor balance at the year-end was £420 (2015: £nil).

E Warner, Chairman of the Company is Chairman of LMAX. During the year the Company received £nil (2015: £12,000) from LMAX. The previous year's figure related to sponsorship.

Ed Warner, Chairman of the Company is a Non-Executive Director of Grant Thornton. During the year the Company paid Grant Thornton £2,250 (2015: Nil) for expenses incurred on the Company's behalf. The Company also entered into a Value in Kind agreement with Grant Thornton during the year where £106,813 (2015: Nil) of staff costs were received from Grant Thornton and £106,813 (2015: Nil) of commercial rights provided to Grant Thornton.

N de Vos, Chief Executive of the Company was an executive Director of the British Olympic Association (BOA) during the year. The Company recharged costs totalling £550 (2015: £335) to the BOA during the year, and at the year end the debtor balance was £550 (2015: Nil). Payments recharged from the BOA to the Company for events, accommodation and room hire for the year totalled £7,983 (2015: £11,700) and at the year end the creditor balance was £156 (2015: Nil).

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 (2015: £250,000). The Company also paid for room hire and accommodation in the year of £219 (2015: £2,830) of which £219 (2015: £1,980) 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 £134,548 (2015: Birmingham and Glasgow £121,822) of which nil was outstanding at year end.

During the year the company received income of £17,666 (2015: £16,929) from the IAAF and the IAAF paid costs on behalf of the company of £84,135 (2015: £9,250) in relation to IAAF competition events.

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

### **For the year ended 31 March 2016**

David 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 £8,003,209 (2015: £6,630,008) from UK Sport. This consisted of Grant Awards of £8,002,014 (2015: £6,616,244) and recharges to UK Sport for services booked on their behalf £1,195 (2015: 13,764). The Company also paid for delegate, medical fees and accommodation of £26,349 (2015:£31,660) to UK Sport.

David Bedford, a non-executive Director of the Company, is also President of Shaftesbury Barnet Harriers. The Company paid a grant contribution of £1,800 (2015: Nil) to Shaftesbury Barnet Harriers for the European Champion Clubs Cup for Juniors held in Turkey.

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