

REPORT AND FINANCIAL STATEMENTS 2003

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**UK ATHLETICS LIMITED**  
**(A Company Limited by Guarantee)**

**Report and Financial Statements**

**31 March 2003**

**Deloitte & Touche LLP**  
**Birmingham**

**REPORT AND FINANCIAL STATEMENTS 2003**

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UK ATHLETICS LIMITED  
(A Company Limited by Guarantee)

Report and Financial Statements

31 March 2003

Directors & Trustees Ltd  
Incorporated in England

**REPORT AND FINANCIAL STATEMENTS 2003**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D R Moorcroft  
M F Jones  
A J Walker  
I R Fox  
R M Simons  
B F Smith  
H J Jacobs  
J R Taylor (appointed 1 January 2003)

**SECRETARY**

H J Jacobs

**REGISTERED OFFICE**

10 Harborne Road  
Edgbaston  
Birmingham  
B15 3AA

**BANKERS**

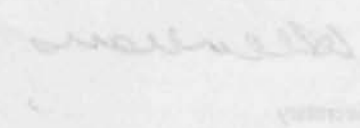
National Westminster Bank plc  
Chamber of Commerce House  
36 Highfield Road  
Edgbaston  
Birmingham  
B15 3BJ

**SOLICITORS**

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

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Birmingham



**UK ATHLETICS LIMITED**  
**(A Company Limited by Guarantee)**

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year to 31 March 2003.

**ACTIVITIES**

The principal activities of the company during the period were to carry out the functions of the governing body for athletics in the UK and to facilitate the development of athletics from schools to clubs and the provision of competition from local to grand prix events.

**RESULTS**

The surplus for the period of £85,642 (2002: £133,529) is due to success in gaining sponsorship and the profit made on the major competitive domestic events. These factors coupled with a controlled build up of infra structure cost resulted in the surplus exceeding the board's expectations. The increase in reserves to £1,294,792 gives the company some financial security in a sport where income is not guaranteed and costs are committed to serve the significant development programmes currently underway. Approximately £0.5m has been expended during the year on a significant new club development programme.

In accordance with the Memorandum and Articles of Association, no dividend can be paid and this is unchanged since incorporation.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

On 31 March 2002 the trade, assets and liabilities of Performance Athlete Services Limited were hived-up in to the company. The income and expenditure related to these activities for the year to 31 March 2003 are included in the income and expenditure account on page 5. The directors consider that UK Athletics Ltd will continue to trade satisfactorily and to provide a sound basis for the future of the sport.

**DIRECTORS**

The directors who served during the period and to the present date are listed on page 1.

**DIRECTORS' AND OFFICERS' LIABILITY**

Directors' and officers' liability insurance has been purchased by the company during the period.

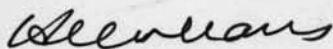
**EMPLOYEE INVOLVEMENT**

The company has continued its practice of keeping employees informed of the factors affecting the performance of the company and other matters affecting them as employees. This is achieved through regular management and employee meetings. A newsletter is regularly prepared and distributed to all employees.

**AUDITORS**

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under provision of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the Annual General Meeting.

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



Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*[Handwritten signature]*  
Director & Treasurer

*[Handwritten signature]*

UK ATHLETICS LIMITED  
(A Company Limited by Guarantee)

STATEMENT OF

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
UK ATHLETICS LIMITED  
(A Company Limited by Guarantee)**

We have audited the financial statements of UK Athletics Limited for the year ended 31 March 2003 which comprise the income and expenditure account, the balance sheet, the cash flow statement, reconciliation of net cashflows to movement in net funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Birmingham

*3 December 2003*

**UK ATHLETICS LIMITED**  
**(A Company Limited by Guarantee)**

**INCOME AND EXPENDITURE ACCOUNT**  
**Year to 31 March 2003**

	Note	Year to 31 March 2003	Year to 31 March 2002
		£	£
<b>INCOME</b>			
Sponsorship and promotions	2	10,557,529	9,632,157
Grants	4	4,738,519	537,832
Other income		414,182	349,408
Donation		260,000	33,678
Income from initiatives		412,193	249,066
		<u>16,382,423</u>	<u>10,802,141</u>
<b>EXPENDITURE</b>			
Event promotion and initiatives		7,813,217	7,893,899
Performance		5,181,754	0
Competition co-ordination		218,250	203,750
Development		1,610,401	1,569,394
Anti-doping and related		132,829	(15,997)
Strategy and co-ordination		475,177	332,851
Promotion and communication		375,443	555,501
Direct regional, club and league support		516,077	59,183
National Athletics Centre		-	94,012
		<u>16,323,148</u>	<u>10,692,593</u>
<b>SURPLUS FROM OPERATING ACTIVITIES</b>	5	59,275	109,548
Interest received		59,048	62,346
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		118,323	171,894
Tax on ordinary activities	6	(32,681)	(38,365)
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<u>85,642</u>	<u>133,529</u>

All income and expenditure derives from continuing activities.

There are no recognised gains or losses other than the results for the current financial year and the preceding financial year.

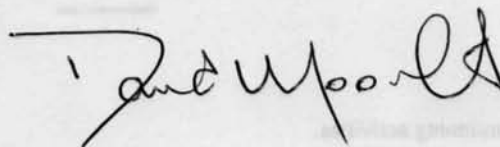
**UK ATHLETICS LIMITED**  
**(A Company Limited by Guarantee)**

**BALANCE SHEET**  
**31 March 2003**

		31 March 2003		31 March 2002	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7	-		(68,775)	
Tangible assets	8	15,708		30,463	
Investment	10	-		2	
			15,708		(38,310)
<b>CURRENT ASSETS</b>					
Debtors	11	3,702,811		4,709,722	
Cash at bank and in hand					
Free cash		305,195		796,074	
Restricted cash	12	1,440,010		498,009	
		5,448,016		6,003,805	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(4,168,933)</u>		<u>(4,756,346)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,279,083</u>		<u>1,247,459</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,294,791</u>		<u>1,209,149</u>
<b>RESERVES</b>					
Accumulated fund	14		<u>1,294,791</u>		<u>1,209,149</u>

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

David Moorcroft





CASH FLOW STATEMENT  
Year to 31 March 2003

	Note	Year to 31 March 2003	Year to 31 March 2002
			£
		£	
Cash flow from operating activities	15	437,118	(487,140)
Returns on investments and servicing of finance			
Interest received		59,048	62,346
Taxation		(45,044)	(474,642)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		-	(56,304)
Acquisitions and disposals	11		
Consideration		-	(106,543)
Cash acquired		-	630,440
			523,897
Increase/(Decrease) in cash in the period	16	451,122	(431,843)

		Year to 31 March 2003	Year to 31 March 2002
			£
Reconciliation of net cash flow to movement in net funds			
		£	
Increase/(Decrease) in cash in the period	16	451,122	(431,843)
Net funds at 1 April 2002/1 April 2001		1,294,083	1,725,926
Net funds at 31 March 2003/31 March 2002		1,745,205	1,294,083

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2003**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Income**

Sponsorship and income from significant television contracts is recognised by allocating cash received against the number of attributed events each year. Other income is recognised on the day it becomes contractually payable.

Grants are recognised on the day they are received, or on the first day of the grant period, whichever is the later.

Interest is recognised on the basis of amounts received in the period.

**Intangible Assets - Goodwill**

Goodwill reflects the acquisition of assets and liabilities and is amortised over one year, where this reflects the nature of the assets and liabilities acquired.

**Tangible fixed assets**

Significant tangible fixed assets are stated at cost and are depreciated from the month of purchase at the following annual rates:

Computer equipment	33.3%
Office equipment	20%
Building improvements	20%

**Deferred Tax**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallize based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

**Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company for the financial year.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2003**

**2. INCOME**

Income represents amounts derived from the provision of goods and services and grants received which fall within the company's ordinary activities within the United Kingdom after deduction of value added tax.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	Year to 31 March 2003	Year to 31 March 2002 £
	£	
<b>Directors' remuneration</b>		
Emoluments	322,890	200,441
Contribution to a money purchase pension scheme	16,241	13,262
	No	No
Number of directors who are members of a money purchase scheme	3	3
<b>Remuneration of the highest paid director</b>		
Emoluments	92,700	82,987
Company contributions to a money purchase scheme	6,674	5,975

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES CONTINUED

	Year to 31 March 2003	Year to 31 March 2002
	£	£
<b>Employee costs during the year (including directors)</b>		
Wages and salaries	2,551,553	841,979
Social security costs	232,994	82,251
Pension costs	159,657	47,460
	<u>2,944,204</u>	<u>971,690</u>
	Year to 31 March 2003	Year to 31 March 2002
	No	No
<b>Average number of employees (Whole Time Equivalents) by category</b>		
Development	15.4	14.0
Performance (employed by Performance Athlete Services Ltd in 2002 : 42.5)	41.5	-
Competition	2.5	3.0
Chief Executive's Office & Communications	9.6	8.5
Strategy	1.5	-
Local athletics delivery staff (previously treated as honorary or self-employed consultants)	60.0	-
Operations	20.5	13.5
	<u>151.0</u>	<u>39.0</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2003

4. GRANTS

Grants include the following:

	Year to 31 March 2003	Year to 31 March 2002
		£
	£	
Sport England	1,758,388	-
UK Sport	2,835,131	461,160
World and European athletics bodies	94,926	-
Sportsmatch	35,000	30,000
Other	15,074	46,672
	<u>4,738,519</u>	<u>537,832</u>

5. OPERATING SURPLUS

Operating surplus income over expenditure  
is after charging:

	Year to 31 March 2003	Year to 31 March 2002
		£
	£	
Auditors' remuneration	20,000	12,000
Depreciation of tangible fixed assets	14,755	40,994
Goodwill credit	(68,775)	-
Write off of tangible fixed assets	-	54,066
	<u>-</u>	<u>54,066</u>

A provision of £536,000 has been made at 31 March 2003 (2002 £nil) for the repayment of VAT claimed between 1999 and 2003. The company is currently in discussion with HM Customs & Excise about whether all its activities classify as "business activities" for VAT purposes. The directors believe they have a robust case though in order to be prudent, have made this provision.

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

Analysis of the tax charge in the year

	Year to 31 March 2003	Year to 31 March 2002 £
	£	
Current tax	26,000	58,528
Corporation tax at 19% (2002:30%) based on the profit for the year	-	(9,436)
Adjustment in respect of prior periods		
	<u>26,000</u>	<u>49,092</u>
Deferred tax	8,602	(9,019)
Origination and reversal of timing differences		
Adjustment in respect of prior years	(1,921)	(1,708)
	<u>32,681</u>	<u>38,365</u>

Factors affecting the tax charge for the year

The current tax charge arising in respect of the year is higher (2002 – lower) than the standard rate of UK corporation tax 19% (2002 - 30%). The differences are explained below.

	Year to 31 March 2003	Year to 31 March 2002
	£	
Surplus on ordinary activities before tax	118,323	171,894
Expected charge at 19% (2002:30%)	22,481	51,571
Effects of:		
Expenses not deductible for tax purposes	11,730	10,742
Capital allowances in excess of depreciation	5,663	28,384
Movement in short term timing differences	(806)	(19,365)
Amortisation	(13,068)	-
Rounding	-	1
Marginal relief	-	(12,805)
Prior period adjustments	-	(9,436)
	<u>26,000</u>	<u>49,092</u>
Current tax charge for the year		

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

7. INTANGIBLE ASSETS

	Goodwill £
<b>Cost</b>	
At 1 April 2002	(68,775)
At 31 March 2003	<u>(68,775)</u>
<b>Amortisation</b>	
At 1 April 2002	-
Charge for the period	68,775
At 31 March 2003	<u>68,775</u>
<b>Net book value</b>	
At 31 March 2003	<u>-</u>
At 31 March 2002	<u>(68,775)</u>

Goodwill reflects the acquisition of assets and liabilities on 31<sup>st</sup> March 2002 from Performance Athlete Services Limited. The balance is to be amortised over one year, reflecting the current nature of the assets and liabilities acquired.

8. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Total £
<b>Cost</b>			
At 1 April 2002	60,053	28,315	88,368
At 31 March 2003	<u>60,053</u>	<u>28,315</u>	<u>88,368</u>
<b>Depreciation</b>			
At 1 April 2002	42,332	15,573	57,905
Charge for the year	9,092	5,663	14,755
At 31 March 2003	<u>51,424</u>	<u>21,236</u>	<u>72,660</u>
<b>Net book value</b>			
At 31 March 2003	<u>8,629</u>	<u>7,079</u>	<u>15,708</u>
At 31 March 2002	<u>17,721</u>	<u>12,742</u>	<u>30,463</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2003**

**9. TRANSFER OF TRADE AND ASSETS**

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

	Note	Book value £
Debtors		72,042
Cash		630,440
Creditors		<u>(527,164)</u>
		175,318
Consideration: settled by inter-company account		<u>(106,543)</u>
Negative goodwill	7	<u>68,775</u>

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

**10. INVESTMENTS HELD AS FIXED ASSETS**

	2003 £	2002 £
At 1 April 2002	2	2
Disposal	<u>(2)</u>	<u>-</u>
At 31 March 2003	<u>-</u>	<u>2</u>

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

**11. DEBTORS**

	2003 £	2002 £
Trade debtors	2,295,680	2,836,385
Other debtors	65,265	458,617
Deferred tax	28,103	34,784
Value added tax	156,233	197,174
Prepayments and accrued income	<u>1,157,530</u>	<u>1,182,762</u>
	<u>3,702,811</u>	<u>4,709,722</u>

Trade debtors include sponsorship and TV rights invoiced at the end of the period, but not contractually due until April 2003.



NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

11. DEBTORS (CONTINUED)

	2002	2002
	£	£
<b>Movement on deferred taxation balance in the period</b>		
Opening balances	34,784	24,057
(Debit)/Credit to profit and loss account	(6,681)	10,727
Closing balance	<u>28,103</u>	<u>34,784</u>
	<b>2003</b>	<b>2002</b>
	£	£
<b>Analysis of deferred tax balance</b>		
Capital allowances in excess of depreciation	24,918	28,482
Short term timing differences	3,185	6,302
	<u>28,103</u>	<u>34,784</u>

12. CASH

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

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£	£
Trade creditors	725,811	353,023
Other taxation and social security	80,298	88,175
Corporation tax	82,998	102,040
Other creditors	27,910	31,695
Deferred income	1,770,098	1,442,848
Accruals	1,481,818	2,738,565
	<u>4,168,933</u>	<u>4,756,346</u>

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

NOTES TO THE ACCOUNTS  
Year ended 31 March 2003

14. ACCUMULATED FUND

	£
Balance at 1 April 2002	1,209,149
Surplus for the period	85,642
Balance at 31 March 2003	<u>1,294,791</u>

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

	Year to 31 March 2003	Year to 31 March 2002
	£	
Operating surplus	59,275	109,548
Depreciation	14,755	40,994
Amortisation	(68,775)	-
Write off of fixed assets	2	54,066
Decrease in debtors	1,000,231	1,051,934
Decrease in creditors	(568,370)	(1,743,682)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>437,118</u>	<u>(487,140)</u>

16. ANALYSIS OF NET FUNDS

	At 31 March 2002	Cash Flow	At 31 March 2003
	£		
Cash at bank and in hand	<u>1,294,083</u>	<u>451,122</u>	<u>1,745,205</u>

17. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 March 2002 or 31 March 2003.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2003**

**18. RELATED PARTIES**

The following related party transactions occurred during the period (including VAT), in relation to direct costs incurred by UK Athletics Limited and recharged to the related party, or the recharge of costs incurred by UK Athletics Limited in respect of shared office costs and accommodation:

	Income £	Debtor at 31 March 2003 £	Costs £	Creditor at 31 March 2003 £
British Athletic Foundation	-	273	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	Income £	Debtor at 31 March 2002 £	Costs £	Creditor at 31 March 2002 £
British Athletic Foundation	5,000	81,758	172,130	18
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Mr David Moorcroft and Mr Maxwell Jones were also directors of Performance Athlete Services Limited whose activities were transferred to UK Athletics Limited on 31 March 2002. Performance Athlete Services Limited did not trade during the year under review. An irrecoverable intercompany debt of £11,672 has been written off during the year.

Mr Ian Fox is also a consultant for Kington Consultants, who provided consultancy services to UK Athletics in the year to the value of £32,674 (2002: £14,150).

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

**19. GUARANTEE**

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