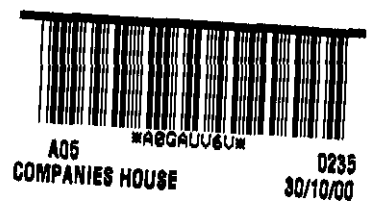


UK ATHLETICS LIMITED
(A Company Limited by Guarantee)

Report and Financial Statements

31 December 1999

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN



REPORT AND FINANCIAL STATEMENTS 1999

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REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D R Moorcroft	(appointed 23 December 1998)
M F Jones	(appointed 23 April 1999)
A J Walker	(appointed 6 September 1999)
C J Chataway	(appointed 16 December 1998, resigned 23 April 1999)
D P Hemery	(appointed 16 December 1998, resigned 23 April 1999)
J Pearce	(appointed 23 April 1999, resigned 4 October 1999)

SECRETARY

H Wyeth (appointed 23 December 1998)

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
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 16 December 1998 (date of incorporation) to 31 December 1999.

ACTIVITIES

The company was formed on 16 December 1998 and commenced trade on 4 February 1999.

The principal activities of the company during the period were as follows:

- To carry out the functions of a UK sports governing body
- To implement the re-designed structure of athletics in the UK.

The company also organises and manages:

- Sponsored athletics programmes, and
- Televised athletics promotions, through its appointed events organisers

RESULTS

The surplus for the period after taxation amounted to £150,560 which has been transferred to the accumulated surplus reserve.

DIRECTORS

The directors who served during the period are listed on page 1.

DIRECTORS' AND OFFICERS' LIABILITY

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

AUDITORS

Deloitte & Touche were appointed the company's first auditors. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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



AUDITORS' REPORT TO THE MEMBERS OF

UK ATHLETICS LIMITED (A Company Limited by Guarantee)

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 at 31 December 1999 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

18 October 2000

INCOME AND EXPENDITURE

Period from 16 December 1998 (date of incorporation) to 31 December 1999

	Note	£
INCOME		
Sponsorship and promotions	2	6,634,801
Grants	4	422,873
Other income		34,114
		<u>7,091,788</u>
EXPENDITURE		
Event promotion and initiative costs		5,467,047
Competition co-ordination costs		15,249
Development costs		100,225
Anti-doping and related costs		515,083
Strategy and co-ordination costs		164,996
Central services and administrative costs		553,301
Direct regional, club and league support		101,913
		<u>6,917,814</u>
SURPLUS FROM OPERATING ACTIVITIES	5	173,974
Interest received		<u>36,586</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		210,560
Tax on ordinary activities	6	<u>(60,000)</u>
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>150,560</u></u>

There are no recognised gains or losses for the period other than as stated above, accordingly, no statement of total recognised gains and losses is given.

All income and expenditure derives from continuing activities (see note 1).

BALANCE SHEET
31 December 1999

	Note	£	£
FIXED ASSETS			
Tangible assets	7		91,318
Investment	8		2
CURRENT ASSETS			
Debtors	9	4,883,210	
Cash at bank and in hand		918,815	
		<u>5,802,025</u>	
CREDITORS: amounts falling due within one year	10	<u>(5,742,785)</u>	
NET CURRENT ASSETS			<u>59,240</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>150,560</u>
RESERVES			
Accumulated fund	11		<u>150,560</u>

These financial statements were approved by the Board of Directors on 12th October 2000

Signed on behalf of the Board of Directors



David Moorcroft

NOTES TO THE ACCOUNTS
Period ended 31 December 1999

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

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

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

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.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

2. INCOME

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

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	£
Directors' remuneration	
Emoluments	130,470
	<hr/>
Contribution to a money purchase pension scheme	6,957
	<hr/>
	No
Number of directors who are members of a money purchase scheme	2
	<hr/>
	£
Employee costs during the year (including directors)	
Wages and salaries	282,811
Social security costs	26,612
Pension costs	12,014
	<hr/>
	321,437
	<hr/>

NOTES TO THE ACCOUNTS
Period ended 31 December 1999

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	No
Average number of employees by category	
Development	2
Competition	0.5
Chief Executives Office	3
Media	2
Anti-Doping	0.5
Finance and administration	4.5
	<u>12.5</u>

4. GRANTS

Grants include the following:	£
UK Sport	382,613
Amateur Athletic Association of England Limited	24,871
International Amateur Athletic Federation	15,000
Other	389
	<u>422,873</u>

5. OPERATING SURPLUS

Operating surplus income over expenditure is after charging:	£
Auditors' remuneration	5,000
Depreciation of tangible fixed assets	13,198
	<u>18,198</u>

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	£
United Kingdom corporation tax at 30% based on the surplus for the period	<u>60,000</u>

7. TANGIBLE FIXED ASSETS

	Computer equipment £	Office equipment £	Building improvements £	Total £
Cost				
Additions and at 31 December 1999	59,673	39,820	5,023	104,516
Accumulated depreciation				
Charge for the period and at 31 December 1999	<u>9,365</u>	<u>3,691</u>	<u>142</u>	<u>13,198</u>
Net book value				
At 31 December 1999	<u>50,308</u>	<u>36,129</u>	<u>4,881</u>	<u>91,318</u>

NOTES TO THE ACCOUNTS
Period ended 31 December 1999

8. INVESTMENTS HELD AS FIXED ASSETS

	£
Investment in subsidiary held at cost	2
	<u>2</u>

9. DEBTORS

	£
Trade debtors	4,192,346
Other debtors	560,120
Prepayments and accrued income	130,744
	<u>4,883,210</u>

Trade debtors include sponsorship and TV rights invoiced at the end of the year, but not contractually due until January 2000.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	190,042
Value added tax	280,979
Other taxation and social security	13,646
Corporation tax	60,000
Other creditors	14,676
Deferred income	4,276,764
Accruals	906,678
	<u>5,742,785</u>

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

11. ACCUMULATED FUND

	£
Accumulated surplus for the period being balance at 31 December 1999	150,560
	<u>150,560</u>

12. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided at 31 December 1999.

NOTES TO THE ACCOUNTS
Period ended 31 December 1999

13. 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 Dec 1999	Costs	Creditor at 31 Dec 1999
	£	£	£	£
Performance Athlete Services Limited	27,038	111,389	-	29,667
British Athletic Foundation	1,628	13,272	-	1,390
British Athletics Benevolent Fund	-	60	-	-
World Championships in Athletics 2003 Limited	861	45	-	-
UK Athletics 98 Limited	-	153	16,431	110
	<u>27,038</u>	<u>111,389</u>	<u>16,431</u>	<u>110</u>
In addition, the following transactions took place in respect of sponsorship agreements:				
Performance Athlete Services Limited	-	-	15,000	126,027
UK Athletics 98 Limited	458,700	-	-	-
	<u>458,700</u>	<u>-</u>	<u>-</u>	<u>-</u>

Mr Maxwell Jones, a director of UK Athletics Limited, is also a director of Performance Athlete Services Limited, which co-ordinates the elite athletics activities in the UK.

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

World Championships in Athletics 2003 Limited is a wholly owned subsidiary of UK Athletics Limited.

UK Athletics Limited was the beneficiary of a commercial contract with Reebok UK, which was entered into by UK Athletics 98 Limited and transferred upon UK Athletics Limited being acknowledged as the governing body for athletics in the UK.