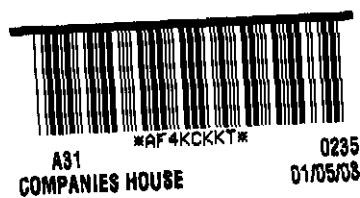


**THE BRITISH OLYMPIC ASSOCIATION
(Limited by Guarantee)**

Report and Financial Statements

31 December 2002

**Deloitte & Touche
London**



REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

PATRON

Her Majesty The Queen

PRESIDENT

Her Royal Highness The Princess Royal

CHAIRMAN

C C Reddie CBE

VICE CHAIRMEN

A J Woods

J C U James OBE

OTHER DIRECTORS

Dame M A Glen Haig DBE

A M Clarkson FCA

D M Ellis

B Cookson

D Hemery MBE

L A Evans MBE

Lt Col M A Armstrong

CHIEF EXECUTIVE

S P Clegg OBE

DIRECTOR OF FINANCE AND ADMINISTRATION

N D R Aitken ACA

HEADQUARTERS AND REGISTERED OFFICE

1 Church Row
Wandsworth Plain
London SW18 1EH

MAIN BANKERS

Lloyds TSB Bank Plc
Central & West London
Floor 4
4/6 Copthall Avenue
London EC2R 7DA

HSBC plc
PO Box 648
Poultry & Princes Street
London EC2P 2BX

AUDITORS

Deloitte & Touche
Chartered Accountants
London

SOLICITORS

Farrer & Co.
66 Lincoln's Inn Fields
London WC2 3LH

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The British Olympic Association (BOA) is involved in encouraging interest in the Olympic Games and fostering the aims and ideals of the Olympic Movement throughout Britain. It exploits its assets and connections with the Olympic Movement to generate income, which is expended to send the best possible Team to the Olympic Games.

Therefore, it is responsible not only for the organisation, and co-ordination, of Britain's participation in the Olympic Games but also for the technical development of the Team, its welfare and scientific and medical back up. It does this specifically in order to further the Team's accomplishments and thereby the Association's attractiveness as a promotional conduit for commercial organisations.

REVIEW OF RESULTS AND ACTIVITIES IN 2002 AND FUTURE PROSPECTS

The focal point of the BOA's year in 2002 was undoubtedly that of the Winter Games of the XIX Olympiad in Salt Lake City. The size of the team and the pre-Games preparation camp in Calgary meant that we invested more resources than ever before into the preparation and participation of a Winter Games. This financial outlay was rewarded by the largest number of medals achieved in a Winter Games since 1936 and was topped off by the much-watched gold medal performance of our curling team.

Apart from the Winter Games the BOA continued to carry out its normal programme of activities. Despite secondments by staff to the Manchester Commonwealth Games, the activities and income streams relating to many BOA projects including the winter training base in Lofer, Austria, the Olympic Gold Ball, the Olympicare athlete medical scheme and the Talk Olympic programmes continued to grow in size and contribution to the BOA's overall funds.

With the Summer Games of the XXVIII Olympiad in Athens getting ever closer there will undoubtedly be more of a financial burden on the BOA and so we will need to manage our resources, both financial and otherwise, in order to provide the best support for our elite athletes. Indeed, as we look forward to 2003 with a view to signing more commercial sponsors and building on the successes of both Sydney and Salt Lake our preparations continue apace.

The results for the year are shown in the income and expenditure account on page 6.

DONATIONS

During the year the company made the following donations:

	£
British Olympic Foundation	110,000
Scholarships	6,000
	<hr/>
	116,000
	<hr/>

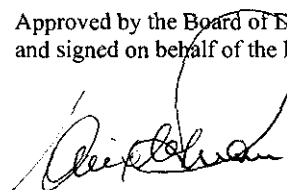
DIRECTORS

The directors of the company throughout the year are shown in the list of officers and professional advisers on page 1.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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

X 

C Reddie CBE
Chairman

23 April 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit 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; and
- prepare the financial statements on a 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE BRITISH OLYMPIC ASSOCIATION**

We have audited the financial statements of The British Olympic Association for the year ended 31 December 2002 which comprise the income and expenditure account, the balance sheet, the cash flow statement and the related notes A to F and 1 to 11. 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.

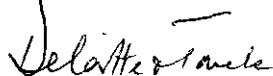
Basis of audit opinion

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 December 2002 and of its excess of expenditure over income for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

24 April 2003

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2002

	Note	2002 £	2001 £
INCOME: continuing operations	1		
Commercial income		1,823,361	2,685,296
Olympicare		578,193	611,960
Donations from appeals		3,290	54,762
Income from investments		78,137	102,287
Bank deposit interest		46,020	36,067
Members' subscriptions and affiliation fees		4,360	4,593
Profit on sale of investments		90,146	57,562
Scholarships		42,688	58,865
Olympic Solidarity grants and subsidies		86,879	51,917
British Olympic Medical Centre income		175,127	145,854
Olympic Gold Ball		84,553	82,165
Talk Olympic		28,577	30,469
Olympic Training Centre, Lofer, Austria		99,236	55,661
Corporate Hospitality programme		40,798	-
Sundry income		60,505	30,872
		<u>3,241,870</u>	<u>4,008,330</u>
EXPENDITURE: continuing operations			
Winter and Summer Games		632,725	126,404
European Youth Olympic Festival (formerly European Youth Olympic Days)		654	72,047
Athlete liaison services		71,552	27,016
Direct expenditure on commercial activities		254,362	494,594
Olympic Gold Ball		34,317	32,259
Talk Olympic		23,897	30,745
Technical services (including Calgary Holding Camp)		169,776	84,658
Olympic Training Centre, Lofer, Austria		119,594	83,587
Sports Science and medical services		97,060	77,139
Olympicare		540,721	546,449
Grants and donations (BOF and scholarships)		116,000	152,300
Agency commissions		34,020	19,301
General administration expenses		594,906	455,363
Staff costs (excluding appeals and sponsorship)	2	1,583,769	1,436,765
Auditors' remuneration: audit services		13,000	12,500
other services		15,600	9,270
Amortisation	4	200	200
Depreciation: owned assets	5	138,501	67,212
leased assets	5	13,040	19,098
Loss on disposal of fixed assets		1,349	1,880
Finance charge on leased assets		1,277	1,778
		<u>(4,456,320)</u>	<u>(3,750,565)</u>
(DEFICIT)/EXCESS OF INCOME OVER EXPENDITURE			
FOR THE YEAR BEFORE TAXATION:		(1,214,450)	257,765
TAXATION CREDIT / (CHARGE)	3	-	(191)
TRANSFERRED (FROM) / TO RESERVES	9	<u>(1,214,450)</u>	<u>257,574</u>

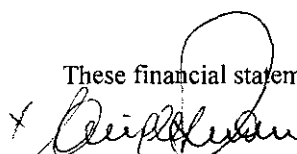
A statement of the movement on reserves is shown in note 9.

There are no recognised gains or losses for the financial year or the preceding financial year other than as shown in the income and expenditure account, therefore a statement of total recognised gains and losses is not given.

BALANCE SHEET
31 December 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Intangible assets	4		3,600		3,800
Tangible assets	5		1,007,779		905,162
Investments	6		1,684,737		1,701,414
			<u>2,696,116</u>		<u>2,610,376</u>
CURRENT ASSETS					
Stocks			-	3,794	
Debtors	7	585,275		709,933	
Cash at bank and in hand		1,135,436		2,257,369	
		<u>1,720,711</u>		<u>2,971,096</u>	
CREDITORS: amounts falling due within one year	8	(1,045,185)		(995,380)	
NET CURRENT ASSETS			<u>675,526</u>		<u>1,975,716</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,371,642</u>		<u>4,586,092</u>
RESERVES	9		<u>3,371,642</u>		<u>4,586,092</u>

These financial statements were approved by the Board of Directors on 23 April 2003.


C Reddie CBE
Chairman

CASH FLOW STATEMENT
Year ended 31 December 2002

CASH FLOW STATEMENT	2002	2001
	£	£
Net cash (outflow)/inflow from operating activities (note A)	(1,092,403)	422,579
Returns on investment and servicing of finance (note C)	122,880	136,576
Taxation (note D)	-	(10,992)
Capital expenditure and financial investment (note E)	(148,684)	396,069
Net cash (outflow)/inflow before financing	(1,118,207)	944,232
Financing (note F)	(3,726)	(8,959)
(Decrease)/increase in cash	(1,121,933)	935,273
Reconciliation of net cash flow to movement in net funds (note B)		
(Decrease)/increase in cash for the year	(1,121,933)	935,273
Cash outflow from decrease in lease financing	3,726	8,959
Change in net funds resulting from cash flows	(1,118,207)	944,232
Net funds at 1 January	2,253,643	1,309,411
Net funds at 31 December	1,135,436	2,253,643

NOTES TO THE CASHFLOW STATEMENT
Year ended 31 December 2002

A. Reconciliation of excess of expenditure over income to net cash (outflow)/ inflow from operating activities

	2002 £	2001 £
(Excess)/Deficit of expenditure over income before taxation	(1,214,450)	257,765
Gross income from investments received	(78,137)	(102,287)
Bank deposit interest received	(46,020)	(36,067)
Interest element of finance lease rental payment	1,277	1,778
Amortisation charge	200	200
Depreciation charges	151,541	86,310
Loss on disposal of fixed assets	1,349	1,880
Decrease in stocks	3,794	4,976
Decrease in debtors	124,658	671,227
Increase/ (decrease) in creditors	62,583	(405,641)
Decrease in provisions	(9,052)	-
Profit on disposal of investments	(90,146)	(57,562)
	<u>(1,092,403)</u>	<u>422,579</u>

B Analysis of changes in net funds

	31 December 2001 £	Cash flows £	31 December 2002 £
Cash at bank and in hand	2,257,369	(1,121,933)	1,135,436
Finance leases due within one year	(3,726)	3,726	-
Total	<u>2,253,643</u>	<u>(1,118,207)</u>	<u>1,135,436</u>

C. Returns on investment and servicing of finance

	2002 £	2001 £
Interest received	46,020	36,067
Investment income	78,137	102,287
Interest element of finance lease rental payments	(1,277)	(1,778)
	<u>122,880</u>	<u>136,576</u>

D. Taxation

	2002 £	2001 £
UK corporation tax paid	-	(10,992)

NOTES TO THE CASHFLOW STATEMENT
Year ended 31 December 2002**E. Capital expenditure and financial investment**

	2002 £	2001 £
Purchase of intangible fixed assets	-	(4,000)
Purchase of tangible fixed assets	(255,761)	(85,522)
Proceeds of disposal of tangible fixed assets	254	70
Purchase of investments	(188,433)	(9,076)
Disposal of investments	295,256	494,597
	<u>(148,684)</u>	<u>396,069</u>

F. Financing

	2002 £	2001 £
Capital element of finance lease rental payments	<u>(3,726)</u>	<u>(8,959)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002**1. ACCOUNTING POLICIES**

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

Accounting convention

These accounts are prepared under the historical cost convention.

Income

Income from appeals and donations, members' annual subscriptions, affiliation fees and investments is taken to income when received. Commercial income is recognised in the period to which it relates.

Depreciation

Depreciation of fixed assets is calculated to write off their cost over their estimated useful lives, which are considered to be:

Freehold property	-	50 years
Leasehold improvements	-	3 years
Office furniture	-	10 years
Computer equipment	-	3 years
Motor vehicles	-	3 years

Amortisation

Trade marks are amortised on the straight line basis over 20 years which is the estimated useful life of the assets.

Stocks

Stocks representing clocks, ties, badges, etc. are valued at the lower of cost and net realisable value.

Foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange profits and losses arising during the year are dealt with through the income and expenditure account.

Companies Act 1985

The directors are of the opinion that the formats of profit and loss accounts prescribed by Schedule 4 of the Companies Act 1985 are not relevant to the Association due to the special nature of its operation.

Pension fund costs

The Association operates a defined contribution pension scheme. The pension costs represent the contributions payable to the pension scheme in respect of the accounting period.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

2. EMPLOYEES AND DIRECTORS

	2002 No.	2001 No.
The average number employed by the Association (including directors) was:	46	45
	<u>£</u>	<u>£</u>
The costs incurred in respect of these employees (including directors) were:		
Wages and salaries	1,329,831	1,283,558
Social security costs	127,750	124,270
Pension fund costs	113,147	104,654
Other staff costs	107,509	148,282
	<u>1,678,237</u>	<u>1,660,764</u>

£123,627 (2001 - £223,999) of the above costs are included in direct expenditure on commercial activities.

Directors' emoluments during the year amounted to £161,757 (2001 - £139,278) of which £15,480 related to C.C.Reedie. All other emoluments paid related to S.P.Clegg and N.D.R.Aitken. Pension contributions of £13,000 (2001 - £18,976) were paid in respect of two directors, S.P.Clegg and N.D.R.Aitken.

During the year the following transactions have taken place with businesses in which directors had an interest:

Payment for office facilities and other costs to D.L.Bloomer and Partners in which C.C.Reedie had a material interest - £5,000 (2001 - £20,000). In addition payments were made to D.L.Bloomer and Partners for secretarial costs - £5,731 (2001 - £8,081) and to C.C.Reedie directly for secretarial costs of £510 (2001 - £nil).

Payment for office facilities and other costs to Maltby Heating Engineers Ltd in which A.J.Woods has a material interest - £6,000 (2001 - £6,000).

As at 31 December 2002, two directors were owed a total of £2,124 representing reimbursement of expenses (2001 - £85).

3. TAXATION

	2001 £	2001 £
United Kingdom corporation tax	-	-
Tax suffered at source	-	191
	<u>-</u>	<u>191</u>

The Schedule D Case VI losses carried forward at the end of the period are approximately £5,200,000.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

4. INTANGIBLE FIXED ASSETS

	Trade marks £
Cost:	
At 1 January 2002	4,000
Additions	-
	<hr/>
At 31 December 2002	4,000
	<hr/>
Amortisation:	
At 1 January 2002	200
Charge for the year	200
	<hr/>
At 31 December 2002	400
	<hr/>
Net book value:	
At 31 December 2002	3,600
	<hr/>
At 31 December 2001	3,800
	<hr/>

5. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvement £	Office furniture £	Computer equipment £	Motor vehicles £	Total £
Cost:						
At 1 January 2002	1,130,073	39,120	145,110	439,292	3,375	1,756,970
Additions	-	-	4,815	250,946	-	255,761
Disposals	-	-	(18,956)	(59,514)	-	(78,470)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	1,130,073	39,120	130,969	630,724	3,375	1,934,261
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:						
At 1 January 2002	336,343	13,040	96,331	404,969	1,125	851,808
Charge for the year	22,601	13,040	9,457	105,318	1,125	151,541
Disposals	-	-	(17,760)	(59,107)	-	(76,867)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	358,944	26,080	88,028	451,180	2,250	926,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:						
At 31 December 2002	771,129	13,040	42,941	179,544	1,125	1,007,779
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	793,730	26,080	48,779	34,323	2,250	905,162
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The value of fixed assets held under finance leases at the year-end was nil (2001 - £nil).

Drivers Jonas performed a valuation of the freehold property owned by the Company in March 2002. Their report values the freehold at £1,200,000 using an existing use basis. The value of the freehold property has not been reflected in the financial statements, as these are prepared under the historical cost convention.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

6. FIXED ASSET INVESTMENTS

	Listed Investments £
Cost:	
At 31 December 2001	1,701,414
Additions	188,433
Disposals	205,110
	<hr/>
At 31 December 2002	1,684,737
	<hr/>
Balance sheet value:	
At 31 December 2002	1,684,737
	<hr/>
At 31 December 2001	1,701,414
	<hr/>
Market value:	
At 31 December 2002	3,038,567
	<hr/>
At 31 December 2001	3,761,927
	<hr/>

7. DEBTORS

	2002 £	2001 £
Trade debtors	302,680	99,213
Other debtors		
Due within one year	12,568	63,741
Due after more than one year	2,865	-
Prepayments and accrued income	267,162	546,979
	<hr/>	<hr/>
	585,275	709,933
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	169,421	385,832
Obligations under finance leases and hire purchase contracts	-	3,726
Corporation tax	-	9,052
Other taxation and social security	62,318	81,946
Other creditors	31,558	33,280
Accruals and deferred income	781,888	481,544
	<hr/>	<hr/>
	1,045,185	995,380
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

9. RESERVES

	General reserve £	Development and contingency reserve £	Total £
At 1 January 2002	2,586,092	2,000,000	4,586,092
Transfer to income and expenditure account	(1,214,450)	-	(1,214,450)
At 31 December 2002	<u>1,371,642</u>	<u>2,000,000</u>	<u>3,371,642</u>

The liability of the members on winding up is limited to £10 per voting member.

10. OPERATING LEASE COMMITMENTS

At 31 December 2002 the Company was committed to making the following payments in respect of operating leases.

	2002 £	2001 £
Land and buildings		
Leases which expire:		
Within two to five years	<u>40,263</u>	<u>37,791</u>
	<u>40,263</u>	<u>37,791</u>
Other operating leases		
Leases which expire:		
Within two to five years	<u>28,421</u>	<u>26,676</u>
	<u>28,421</u>	<u>26,676</u>
	<u>68,684</u>	<u>64,467</u>

The operating leases relate to the facilities at the winter training centre established in Lofer, Austria during 2001. The commitments shown have been translated from Euros (originally Austrian Schilling @ 13.7603/Euro) using the exchange rate prevailing as at 31 December 2002. (1.5342 Euro/£)

The amounts charged to the income and expenditure account in the year regarding these operating leases are as follows:

	2002 £	2001 £
Land and buildings	42,132	21,333
Other operating leases	<u>27,745</u>	<u>15,147</u>
	<u>69,877</u>	<u>36,480</u>

Note: The 2002 amounts in Note 10 relate to a full twelve month period (2001 - Eight months). The differences in actual amounts paid compared to commitments shown above arise from exchange rate differences arising when translating Euros to Sterling.

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

11. RELATED PARTIES

A director of the British Olympic Association is also the Chairman of the British Olympic Foundation. The accountant to the foundation is employed by the British Olympic Association and the accountant and one of the trustees are also members of the British Olympic Association's Executive Board.

As at 31 December 2002 there was a balance due from the British Olympic Foundation of £5,256.

The rent payable of £37,000 p.a. (2001 - £37,000) on the property owned by the British Olympic Foundation is payable by the British Olympic Association as tenants of the property and is determined on an arms-length basis.