

## Why is Sport England robbing the poor to reward the rich?

### England Athletics' finances

England Athletics has recently disclosed its budget for the next financial year 2015/2016. This shows that there will be a reduction in its **Sport England Grant of £1,422,961** from the present level of £5,027,285. ABAC has ascertained that this reduction was agreed when the 2013-2017 funding cycle was put in place. It appears that England Athletics had accepted that it would balance its books by making cuts, increasing membership and affiliation fees and obtaining greater levels of sponsorship.

Unfortunately for England Athletics it is now predicting a fall in road race licensing fees from, £570,000 in the present year, to £287,850 next year. Other grants and income from various activities including sponsorship are also predicted to fall in the coming year. Cuts are being made at HQ but nonetheless **a net loss of £1,262,706 is predicted for next year.**

Clearly action has to be taken. More cutting of staff will be required. Clubs are affected too. An increase in membership and affiliation fees has been announced for next year and all future funding for club Networks has been cancelled. This will put more work on hard pressed clubs' officers. Those clubs wishing to continue within a Network will now have to fund the costs themselves.

All this directly results from Sport England reducing financial support. We have no arguments with Government funding being reduced. The Country needs to reduce waste and balance the books. However a recent announcement from Sport England indicates that rather than husbanding financial resources it is hell bent on lavishing grants to already profitable organisations.

ABAC has looked at this in some detail and its findings are disturbing.

### Sport England Largesse.

On September 5<sup>th</sup> Sport England announced it would be granting £400,000 to the Nova group of Companies. The press release stated ***"The new partnership will support the Great North Run Million Opening Ceremony and a year-long programme of events and activities to celebrate the millionth finish of the Bupa Greta North Run, the success of mass participation running and the development of one million runners through sport, culture and participation."***

Brendan Foster, founder of the Bupa Great North Run, said ***"... we look forward to working with our new funding partners to see many more people achieve their ambitions through running."***

ABAC decided to find out more about the businesses which have developed since the first Great North Run held 34 years ago.

### The Nova Group and related Companies.

We found that the Nova Group is larger than England Athletics. In 2013 its income totalled £18,500,887 and it employed more than 85 staff and directors. There are 4 Companies in the Group. All of the dividends are retained in one Company – Nova Marketing Ltd – which owns 100% of the shares in Nova International Ltd, Nova Holdings Ltd and Nova Marketing Consultancy Ltd. The shareholders of Nova Marketing are the beneficiaries of distributed dividends.

There are 11 shareholders. Two of them are separate Companies. One is G R Events Ltd., and the other is Trekko Sports Ltd. Brendan Foster is a Director of all 6 Companies. The Annual Return of Nova Marketing states "B Foster is deemed to be the controlling party by virtue of his controlling interest in the issued share capital of the company." We decided to look at the shareholding of the Foster family in each company.

***Nova Marketing Shareholding.*** The share interest of the Foster family are listed as:

Brendan Foster 18%      Susan Foster 18%      Catherine Foster 5%      Paul Foster 5%

Mr and Mrs Foster's discretionary settlement 2013 7%      Trekko Sports 5.5%      G R Events 23%

***Trekko Sports Shareholding.*** The shareholding of the Foster family are

Brendan Foster 66.6%      Susan Foster 33.3% (3 shares issued).

***G R Events.*** This company has A and B shares. The A shares receive any disbursed dividends. The Foster family interest in the A shares is as follows.

Brendan Foster 22.5%      Susan Foster 22.5%      Catherine Foster 5%      Paul Foster 5%

Trekko Sports Ltd 12.5%

**Financial Statements.**

We have looked at the financial strengths of the companies in order to determine whether the Sport England 2014 grant to the Group of £400,000 will have a significant impact on future profitability. It appears that the policy of the various companies is to retain profits in each company to build up shareholder assets. Dividend distribution is well below what could be paid from the declared profits.

Company profits for 2013 and retained shareholder assets.

	<u>Profits after tax</u>	<u>Shareholder assets</u>
Nova international Ltd	£ 754,955	£ 786,638
Nova Holdings Ltd	£ 786,553	£1,361,815
Nova Marketing Consultancy Ltd	£1,044,035	£1,617,258
Nova Marketing Ltd	£1,563,812	£3,566,012
G R Events Ltd	£ 455,554	£ 560,554
Trekko Sports Ltd	----	£ 536,513

In 2013 Nova International paid a £500,000 dividend to Nova Marketing and Nova Marketing paid a £700,000 dividend to its shareholders.

During the year Nova Marketing paid a £250,000 licence fee to G R Events.

During the year the Nova group made net payments to **The Great North run Foundation** of £101,537 which is a not for profit company, limited by guarantee, under the control of the Nova group.

### **The Sport England Grant to Nova Group**

What is clear from the analysis above is that the companies controlled by Brendan Foster are enormously profitable. Their business is centred on mass participation in running events and they have a vested interest in increasing the numbers of large events and maximising participation. Major charities have benefited by the participation of fun runners who raise large sums of money for charities of their choice. (We note however that Nova charges charities exorbitant amounts of money for guaranteed places).

By any measure the Nova groups is a success story. It is therefore difficult to understand why Sport England should wish to release large sums of money to an already successful organisation.

At a time when grass roots clubs are being targeted to replenish England Athletics coffers we question the reasoning behind the Nova group award. Can it be that the numbers participating in running are so desperately short of claims made by Sport England that they need to jump on Nova's successful band wagon?

If so, then there can only be one winner here.