

## **London 2017 – A report on UKA’s role in securing and promoting the 2017 World Championships – a rapidly changing situation**

**Feb 2016 update.** The first week of February 2016 was particularly eventful for the board of 2017 Ltd. First there was the resignation of 2 non exec directors (Heather Hancock and Martin Stewart) and then the managing director, Sally Bolton, also resigned. The press reported that all 3 had lost out in a power struggle with the Company’s Chairman, Edmond Warner, and its CEO, Niels de Vos.

At the heart of the dispute is the lack of progress in obtaining sponsors for the London 2017 World Championships and the London 2017 Paralympic Games. The press reported that UKA has been holding out for potential sponsors to fund not only the Games themselves but also UKA which has no Tier 1 sponsor at present and is desperate for new sources of income. The departing directors claimed that UKA’s control over the 2017 companies represented a conflict of interest and wanted the UKA directors to be removed.

This report chronicles the events leading to this serious situation.

**The 2017 Companies.** There are 2 separate Companies responsible for the forthcoming Championships. Both have been set up as Companies Limited by Guarantee with the directors as shareholders each liable to pay £1 if the companies are wound up.

**London 2017 Ltd.**, has responsibility to plan, finance and stage the IAAF World Championships of Athletics in London in 2017. **(2017 World Championships).**

**London Championships Ltd** has responsibility to plan, organise and stage the 2017 IPC Athletics World Championships in London. **(2017 Athletics World Championships).**

ABAC has examined Company House records to determine how these Companies have been set up. As these are both registered as small enterprises the Financial Statements are limited in detail. Here is what we have found.

### ***London 2017 Ltd. Company Number 8492880.***

The company was Incorporated on the 17<sup>th</sup> April 2013 with Articles prepared by UKA’s lawyers (Farrar and Co). The registered office is the same as UKA’s at Alexander Stadium. The Company Secretary is UKA’s Kevan Taylor, The Chairman is Edmond Warner and the CEO is Niels de Vos. The Articles state that the Company may have as few as 2 directors and a maximum of 12 in number.

The Chief Executive, Chief Financial Officer and a former elite athlete are to be directors appointed by resolution of the board. The Chairman is the Chairman of UKA Ltd. (not negotiable). One director is appointed by the mayor of London (representing the Greater London Authority). One director is appointed by the Secretary of State as a representative for the DCMS. Another is appointed by the London Legacy Development Corporation (LLDC). One director is also appointed by the IAAF. There are also 3 non executive directors appointed by the board and there is a further director nominated by UKA itself making a total of 12 in all. The latest Filing History has not been updated to include the latest regulations.

RecentFilingHistory

DATE	FORM	DESCRIPTION
08/10/2015	AP01	DIRECTOR APPOINTED DAVID LIONEL GOLDSTONE
08/10/2015	AP01	DIRECTOR APPOINTED KEVAN TAYLOR
08/10/2015	TM01	<b>DIRECTOR APPOINTMENT TERMINATED, SEBASTIAN COE</b>
08/10/2015	TM01	<b>DIRECTOR APPOINTMENT TERMINATED, NEALE COLEMAN</b>
08/05/2014	AP01	DIRECTOR APPOINTED LORD SEBASTIAN NEWBOLD COE
02/05/2014	AP01	DIRECTOR APPOINTED MS SALLY LOUISE BOLTON
02/05/2014	AP01	DIRECTOR APPOINTED MR SIMON CHRISTOPHER MORTON
14/04/2014	TM01	<b>DIRECTOR APPOINTMENT TERMINATED, JOHN HANSON</b>
07/06/2013	AP01	DIRECTOR APPOINTED MRS HEATHER JANE HANCOCK
06/06/2013	AP01	DIRECTOR APPOINTED MS DENISE ROSEMARIE LEWIS
28/05/2013	AP01	DIRECTOR APPOINTED MR JOHN MARK HANSON
24/05/2013	AP01	DIRECTOR APPOINTED MR NEALE COLEMAN
24/05/2013	AP01	DIRECTOR APPOINTED MR JEFFREY JACOBS
24/05/2013	AP01	DIRECTOR APPOINTED MR MARTIN DAVID STEWART

It will be noted that in addition to the recent loss of 3 directors (not yet listed by Companies House) there have been 3 other directors who have terminated their directorships. There is no information on which body has supported which director. For example Seb Coe could have represented the IAAF or the LLDC. Other points of interest include the appointment of UKA's Secretary as a director and Denise Lewis as the elite athlete director.

**Accounting** There are 2 sections in the London 2017 Articles worth recording.

**17 Remuneration of Directors.** The Board shall establish a remuneration policy and Directors shall be paid in accordance with the policy. The directors shall be entitled to such remuneration as the Board may determine and, unless the Board determines otherwise the remuneration shall be deemed to accrue from day to day.

**27. No right to inspect accounts and other records.** Except as otherwise provided by law or authorised by the Board or an ordinary resolution of the Company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a member.

The latest published accounts for London 2017 provide an abbreviated Balance Sheet as at 31 March 2015.

	2015	2014
<b>Current assets</b>	£	£
Debtors	203,170	12,392
Cash at bank	<u>1,452,733</u>	<u>380,894</u>
	1,655,903	393,286

No details are given of the source of income and there appears to be no payments to directors during the reporting period.

**London Championships Ltd. Company No.08822936**

London Championships Ltd was incorporated on the 20 Dec 2013 some 8 months after London 2017 was established. The registered office is also the same as UKA's and the Company Secretary is also UKA's Kevan Taylor. The Chairman is Edmond Walker and the CEO is Niels de Vos. The appointment of directors also follows the same pattern with the exception that the IAAF does not have an involvement and one director is appointed by the International Paralympic Committee(IPC) which is based in Bonne, Germany. One extra director is appointed by the London Borough of Newham, The elite athlete director is Baroness Tanni Grey-Thompson.

The founding directors who serve also on the board of London 2017 Ltd are :- Jeffrey Jacobs, Martin Stewart, Neale Coleman, Heather Hancock, and Sally Bolton. David Goldstone and UKA's Kevan Taylor were appointed directors on 8<sup>th</sup> October 2015.

**Accounting.** The articles are almost identical to those of London 2017 Ltd. and include the same sections **17 Remuneration of Directors** and **27 No right to inspect accounts and other records.** (see above for definitions)

	<b>2015</b>
<b>Current assets</b>	<b>£</b>
Debtors	204,909
Cash at bank	<u>457</u>
	205,366

**Future Funding Requirements.** Bidding for major athletics events requires Governments to underwrite the finances of each successful bidder. Generally it is expected that sponsors and the paying public will produce sufficient income to balance the books.

The current lack of sponsorship for London 2017 has been a major source of friction between directors. The UK Government is committed to underwrite the World Championships for a sum reported to be £12million. Warner has claimed that lack of sponsorship is partly due to the bad publicity surrounding the IAAF and its lack of control over historic doping abuses. He has requested financial support from the IAAF who themselves are facing financial problems with the withdrawal of **adidas** and **Nestle** from existing sponsorship deals. It is unlikely that the IAAF will provide help.

So London 2017 will need to close a sponsorship deal quickly. Combining sponsorship for the World Championships with sponsorship of UKA Ltd is making the task more difficult because UKA Ltd has not had a major sponsor for the last two years.

The remaining UKA directors have seen the back of those who claim they were not acting in the best interests of the World Championships. The bad press publicity from these events could not be ignored

On the 12<sup>th</sup> February UKA announced major changes to London 2017 Ltd.

# NEW STRUCTURE AGREED TO OVERSEE DELIVERY OF 2017 WORLD ATHLETICS CHAMPIONSHIPS



*12 February 2016*

*UK Sport, City Hall and UK Athletics unite behind new governance model*

*A new independent board is to lead London's delivery of the International Athletics Association Federation (IAAF) 2017 World Athletics Championships in the capital.*

*London 2017 Ltd has agreed a number of governance changes following a thorough review to ensure a clear separation of the day-to-day delivery led by UK Athletics to a more independent board with strategic direction and oversight of the championships.*

*In line with its agreements with the IAAF, a new co-Chair is to be appointed by the Greater London Authority (GLA) alongside Ed Warner to oversee the Championships.*

*London 2017 Ltd will no longer retain a CEO role on the Board, with Niels de Vos taking on the position of Championships Director for the event, accountable to the London 2017 Board for UK Athletics' delivery.*

*The structure was finalised in today's London 2017 Ltd board meeting, where the Greater London Authority, UK Sport and UK Athletics were represented.*

*UK Athletics Chairman Ed Warner said: "We are pleased that our discussions outlining the requirements for event delivery have been completed. The next 18 months will be exciting times for UK Athletics in organising two World Championships on behalf of London 2017 under the leadership of our CEO Niels de Vos. The appointment of a co-Chair will assist greatly in ensuring that we can focus effectively on the task in hand."*

*Jeff Jacobs, of the Greater London Authority and London 2017 Ltd board member, said: "The changes being made reflect our ongoing desire to ensure that the best possible governance structure is in place for the championships, with independence and accountability at its heart. Having agreed the new arrangements today, we shall all now be focusing on delivering a fantastic event in London in 2017."*

*Simon Morton, Chief Operating Officer at UK Sport, said: "UK Sport has been working tirelessly with all partners to ensure we have the best possible governance structure for the 2017 World Athletics Championships."*

*"This new structure will ensure that we can more clearly separate the oversight function of London 2017 Ltd from the delivery function of UK Athletics."*

*"Better balanced boards make better decisions, and I am confident all stakeholders can now move forward to deliver an outstanding London 2017 World Athletics Championships to make the nation proud."*

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**ABAC Questions. Serious questions need to be asked of Sports' Governing bodies.**

- 1. Why were these Companies set up as Ltd by Guarantee.?**
- 2. Why so much secrecy surrounding accounts and finances?**
- 3, Why is there no information on the remuneration of directors, especially those already employed at UKA Ltd?**
- 4. How much lottery and exchequer funding is committed to these two events?**