

ANNUAL REPORT OF THE MANAGEMENT BOARD

Paragraph 5.5 of the BCF Constitution requires the Management Board to present an annual report to Council. The Board acknowledges that there have been failings in this area in the past as 2010 represented the only previous occasion since the ECF was established when such a report was produced: the publication of the present report is part of an initiative to ensure that sufficient attention is paid to the BCF as a separate entity.

The Management Board

Under paragraph 5.2 of the BCF Constitution, the Management Board consists of the Officers, who are defined by paragraph 3.3 as “the Directors (with the exception of any Director who elects in writing not to so serve and in that event the Board of English Chess Federation shall appoint replacement Directors) and the Secretary of English Chess Federation, for the time being, including the President thereof, who shall also be the President of the Federation.” No Directors have elected in writing not to so serve, so the Management Board since the 2012 Annual Council Meeting has comprised:

Roger Edwards (President)
Mike Gunn (Non-Executive Chairman)
Chris Mattos (Finance Director)
Alex Holowczak (Home Director)
David Openshaw (International Director) - from 20 November 2012
Phil Ehr (Junior Director)
David Thomas (Membership & Marketing Director) – from 12 May 2013
Sean Hewitt (Non-Executive Director)
Jack Rudd (Non-Executive Director)
John Philpott (Secretary)

The Management Board for 2013/14 will be the same as the ECF Board elected at the AGM (unless any Director elects in writing not to serve) plus the Secretary, and for this reason there is no item on the present BCF agenda for elections.

The need for an ongoing BCF

When the English Chess Federation was established in 2005 as a company limited by guarantee, the BCF was retained as a separate organisation for the following reasons:

- (a) There are wills that have been made benefitting the BCF. In the event of the dissolution of the BCF, it is not certain that the benefits would pass to a successor organisation.
- (b) The BCF constitution does not provide for the dissolution of the BCF.
- (c) Any dissolution, however, carefully arranged, might overlook some asset or liability of the BCF which it would be difficult to novate.
- (d) The name might be adopted by others.

The BCF Constitution was simplified at the time, and an additional object included, namely “to support the English Chess Federation”.

The general fund and the legacies fund as they stood at the date of transfer were moved to the ECF, and subsequently the BCF has, with one significant exception, merely acted as a conduit for funds to reach the ECF. The significant exception relates to the Permanent Invested Fund (“PIF”). This was established by a trust deed in 1929, and while the trust deed as periodically renewed was in force, this remained legally the PIF of the BCF rather than the ECF, and therefore continues to be reported in the BCF rather than the ECF accounts. The trust deed was renewed in 2013 for 15 months, following an EGM held on January as a temporary measure to maintain the status quo until the 2014 Finance Council meeting, by when it was expected that there would have been sufficient progress on the charitable status project for a redistribution of capital in the PIF to be finalised.

In the BCF accounts, the PIF is reported in two parts: the original PIF and what is referred to as the PIF – Robinson. The background to the latter is that John Robinson had left to the BCF in his will a one third share in his house and 91 out of 100 shares in the residue of his estate, which were worth in aggregate approximately £650,000. As matters stood, a substantial proportion of the £650,000 would have had to be paid as inheritance tax and thereby lost to the chess community. An extraordinary Council meeting in June 2006 approved a variation of the will as a result of which £521,000 was used to create the John Robinson Youth Chess Trust (which took this amount outside the scope of Inheritance Tax) with just the balance of £129,000 (which was inside the inheritance tax threshold) being received by the BCF. Council further resolved that the monies received by the BCF be paid to the PIF Trustees subject to the Management Board reaching agreement with the Trustees about a suitable investment policy. John Robinson’s will had requested that £10,000 be used each year for promoting and endowing the British Chess Championships, and this request is being met partly by the PIF-Robinson and partly by the John Robinson Youth Chess Trust, given that there is a considerable youth element in the Championships which can be properly supported by the Trust.

The 2013/14 accounts

As with the ECF, the BCF's financial year end has been changed from 30 April to 31 August, and accounts will be prepared for the 16 month period from 1 May 2012 to 31 August 2013. These accounts will be laid before the Finance Council meeting in April 2014 for approval. The overdue accounts for 2010/11 and 2011/12 are dealt with as a separate agenda item at the present meeting.

The information relating to the PIF for 2012/13 is already available and has been provided as an appendix to this report.

The PIF trustees

The present trustees of the Permanent Invested Fund are:

Ray Edwards
Julian Farrand
Keith Richardson

The trustees are members both of the BCF Council and ECF Council. The Management Board gratefully acknowledges the responsiveness of the Trustees to all requests for information that have been raised.

At the 2013 EGM in April a request was made for information on the investment policy of the PIF. The trustees have provided the following explanation.

“The Trustees manage the two PIF funds with the aim of providing the ECF/BCF with £5,000 of annual income for the BCF Championship whilst maintaining (preferably increasing) the capital value of the assets. A wide range of mainstream investments are held to minimise risk in today's complex and volatile markets.”

The BCF Youth Chess Trust

There is a registered charity (No. 1054614) known as the BCF Youth Chess Trust established in March 1996 with the objects of advancing education by providing or assisting in the provision of facilities for the teaching, development and supervision of the playing of chess amongst persons under the age of 21 resident in England or eligible to represent England at chess. The trustees are David Anderton, Gary Kenworthy, Peter Turner and Robert McFarland.

This charity has spent all its funds, and had no income or expenditure in 2011/12 or 2012/13. For that reason, no accounts are presented to the present meeting.

The John Robinson Youth Chess Trust

There is a further registered charity (No. 1116981) known as the John Robinson Youth Chess Trust which was established in 2006 for the reasons set out above in the section dealing with the PIF – Robinson. The trustees are David Anderton, Cynthia Gurney, Gerry Walsh and David Welch.

The accounts for the year ended 31 August 2012 and a report on behalf of the trustees have been provided to the present meeting.

The power of appointment of new trustees rests with the BCF Council. Cynthia Gurney has decided to retire, and the trustees have requested Council to agree to the appointment of John Philpott, the ECF Company Secretary, as her successor. The trustees also ask Council to authorise the President to execute a deed of Retirement and Appointment on behalf of the ECF.

Board meetings and governance

The BCF Constitution only requires the Management Board to meet once a year, and this requirement has generally been addressed by a meeting on the morning of the Annual Council Meeting. The Board recognises that this practice is insufficient by itself, since if a problem has arisen there is likely to be insufficient time to address it prior to the start of the Council Meeting, and the need for more frequent meetings going forward is accepted.

APPENDIX

PIF 1 INVESTMENTS AT 31 AUGUST 2013 AND INCOME FOR THE 16 MONTH PERIOD FROM 1 MAY 2012 to 31 AUGUST 2013

	<u>At Cost</u>	<u>Market Value</u>	<u>Income (Net)</u>
	£	£	£
Allianz Global Investors UK			
6,000 U K Equity Income	3,336	16,865	662
Axa Framlington Unit Management			
6,500 UK Select Opportunities Z Dis	6,511	7,829	11
Invesco Fund Managers			
3,972.85 Perpetual Income & Growth	4,340	15,369	823
5,000 Perpetual UK Growth Income	5,744	15,824	294
Blackrock Asset Management UK			
5,377.52 UK Income Fund	-	-	88
755.33 Gold & General Income	-	-	30
Mellon Investment Funds			
2,000 The Newton Income Fund	3,797	13,941	517
Fidelity European Value			
625 European Values Ordinary	2,286	9,031	339
4,791.57 Fid American Y Acc	4,277	7,561	50
Old Mutual Fund Managers			
4,664.88 CCS UK Smaller Companies	4,826	12,526	7
British Assets Trust			
9,000 Ordinary GBP 0.25	9,651	11,880	684
Capita Financial Managers			
4,750 Trojan Income O Inc NAV	6,369	7,129	67
Herald Investment Trust			
275 Herald Investment Trust Ord GB 0.25	1,395	1,636	3
Smith & Williamson			
460 North American Trust	3,744	6,757	-
First State Investments (UK)			
2,700 Asia Pacific Leaders B Nav	7,132	11,427	142
Treasury			
£3,000 2.5% Index Linked Stock 2016	8,473	10,265	334
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Total listed investments (2012 MV £134,414)	£71,881	£148,040	£4,051
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The fund also holds 500 unlisted shares in Chess Centre Limited: the 2013 accounts of that company have not yet been prepared.

There is a balance on the investment deposit account maintained by Smith & Williamson of £5,581 (2012 - nil).

PIF 2 – JOHN ROBINSON INVESTMENTS AT 31 AUGUST 2013 AND INCOME FOR THE 16 MONTH PERIOD FROM 1 MAY 2012 to 31 AUGUST 2013

<u>Investments</u>	<u>At Cost</u>	<u>Market Value</u>	<u>Income (Net)</u>
	£	£	£
U K Government Bonds			
10,000 5% Stock 2014	10,239	10,707	500
Euro Inv Bank			
15,000 4.5% NTS 2013	-	-	225
Beazley plc			
10,000 5.375% MTN	10,111	10,772	269
Artemis Fund Managers			
5,500 Income Inc	10,397	11,149	647
Invesco Fund Managers			
9,436.84 IP Income NT Inc	9,246	10,448	502
Old Mutual Fund Managers			
3,000 UK Select Mid Cap Income	4,034	6,648	25
J P Morgan			
615 Natural Resources Acc Nav	5,078	3,682	
1,000 Europe Retail Acc Nav	8,429	8,942	132
M & G Securities Ltd			
930.17 Global Basics Sterling Acc Nav	7,508	9,273	25
5,575 Recovery Sterling I Inc	6,762	7,214	184
Aviva Investors			
4,991.97 Euro Property Fund Inc	10,277	5,836	213
Firstgroup			
6.125% Bds	9,560	11,262	612
Aberdeen Unit Trust Managers			
1,865 Emerging Markets I Acc NAV	10,087	10,166	127
Blackrock Fund Managers Ltd			
260 UK Special Situations D Acc	7,004	8,336	215
BNY Mellon Fund Managers			
2,000 Newton Asian Inc Inst Inc	4,258	3,726	29
Accrued income			313
(Market value 30 th April 2012 £110,250)	£112,990	£118,161	£4,018
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There is a balance on the investment deposit account maintained by Smith & Williamson of £14 (2012 - £16).