

## Transfer of PIF No 1 Fund to the Chess Trust

### Background

The organisation of the governing body for chess in England consists of the ECF and BCF; this is a two-headed structure. The BCF was the original body responsible for chess in the UK, but times moved on. There are now separate bodies representing chess in Scotland, Wales and Ireland. The ECF was created in order to reflect this situation. However, the BCF was continued as a parallel organisation because of the concern that many of the legacies had been left to the BCF, not the ECF. Again, time has moved on and we should recognise the world as it is today.

Currently, the ECF runs the day to day business of its activities for chess in England. The BCF holds the Permanent Invested Funds (No 1 and No 2) which have been built up over many years (since the 1920's) and are managed by trustees on behalf of the BCF. Currently there two trustees. The trustees have limited authority. They are responsible for investing the funds and taking instruction from the BCF Council on how those funds should be used. In recent years they have only been required to pass £5,000 per annum to the ECF for the benefit of the British Chess Championships in accordance with the late John Robinson's bequest (No 2 Fund). Since May the value of the No 2 Fund has been donated to the Chess Trust with the condition that it continues to support the British Chess Championships as before following the instruction from the BCF Council.

There remains the PIF No1 Fund. This fund is valued at approximately £250k including the value of Chess Centre Ltd.

### Objective

The objective of this paper is to simplify the overall structure that supports chess in England.

By maintaining two parallel organisations this causes confusion amongst members of the Federations and also Board members of the ECF. Also, two sets of accounts have to be maintained, two audits conducted and two sets of tax returns filed. The BCF is also subject to corporation tax and capital gains tax when assets are sold.

For the future there will be one body, the ECF, to run the day to day activities of the Federation: Membership services, Home, International and Junior and Women's services. The Chess Trust will be the body to support the longer term development of chess in England. The Accelerator Programme which supports the development of junior players to become titled and international players is a good example of this long term support.

The proposal is to transfer the PIF No1 fund to the Chess Trust. The result of the transfer will be to:

- Simplify the structure of the organisations that support chess in England. It will now be two organisations: the English Chess Federation and The Chess Trust rather than the current four.
- The Chess Trust does not pay corporation tax nor capital gains tax
- The donation of the PIF No1 Fund will not attract capital gains on the transfer of the assets
- With this transfer two sets of annual accounts etc will not be required (BCF and Chess Centre Ltd). This will save those costs.
- The funds available for future development of chess will be more transparent and therefore more easily understood.

### Recommendation

The following is proposed:

- The PIF No 1 Fund is donated to the Chess Trust (a charity)
- The BCF is to be established as a dormant organisation retaining the name and bank account; this is for possible future use. This should remove the requirement to produce annual accounts, conduct an annual audit and file tax returns.
- The trustees of the Permanent Invested Fund are stood down.
- The Trustees of the Chess Trust will ensure that the Board of the ECF is advised of its latest decisions and plans through the ex-officio officers (Chief Executive and Finance Director) who are also Trustees. The ECF Council may also appoint three further trustees as and when appropriate.

- The following resolution is placed before the BCF Council AGM on 13<sup>th</sup> October 2018:

“It is hereby resolved that, subject to agreement of the Board of Directors of the English Chess Federation, the assets held in the Trust under the terms of the Trust Deed dated 20 May 2016 (supplemental to a number of earlier Trust Deeds) shall be transferred to be held on the terms of the Chess Trust, provided that those terms are such that ensure that these assets are applied in a manner which is consistent with the terms of the Trust Deed of 20 May 2016.”