

C32.5**Background**

The organisation of the governing body for chess in England currently consists of the ECF and BCF. The BCF was the original body responsible for chess in the UK before separate bodies were set up representing chess in England, Ireland, Scotland and Wales. The ECF is England's national federation and governing body; however, the BCF has continued as a parallel organisation given that a number of the historical legacies had been left to the BCF, not the ECF.

The BCF holds the Permanent Invested Fund (PIF No 1 and PIF No 2) assets, which have been built up for more than a century. It is managed by trustees (currently two) on behalf of the BCF. The trustees are responsible for investing and applying the PIF No 1 and No 2 assets. Until May 2018 the only call on PIF assets was £5,000 per annum to the ECF from the PIF No 2 fund for the benefit of the British Chess Championships in accordance with the late John Robinson's bequest. In May 2018 the equivalent value of the PIF No 2 assets (see note at the end of this document) was donated to the Chess Trust with the proviso that it continues to support the British Chess Championships in accordance with the BCF Council's previous wishes.

The funds are valued at approximately £200k including the value of Chess Centre Ltd.

Objective

Maintaining the BCF and the ECF as two parallel organisations runs the risk of causing confusion on the part of ECF members and external bodies. Moreover, the present structure is inefficient from, for example, the accounting, audit and tax return point of view. The BCF and Chess Centre Ltd are also subject to corporation tax and capital gains tax if PIF assets are sold.

In future, the ECF will continue to run the day to day governance of chess in England. The Chess Trust will continue to support the longer term development of English chess (the Accelerator Programme which supports the development of junior players to become titled and international players being an example). The proposal is to donate the PIF No 1 and PIF No 2 assets to the Chess Trust.

The benefits of the donation are that:

- The structure of the organisations that support chess in England will be simplified;
- Assets will be consolidated in the Chess Trust, which as a charity does not pay corporation tax or capital gains tax on its investments;
- The donation of the PIF No 1 and PIF No 2 assets will not attract capital gains on the transfer of the assets;

- The process of disbursements from the PIF No 1 and PIF No 2 funds will be streamlined and accelerated (The ECF Board meets several times a year (and the Chess Trustees meet at least quarterly), whereas the BCF Council meets only twice-yearly);
- Costs will be saved because only one set of annual accounts etc for the Chess Trust will be required compared to three sets as at present (BCF, Chess Centre Ltd and Chess Trust);
- The way in which the relationship between the ECF and the Chess Trust is expected to work in future will be set out in a memorandum of understanding between the two bodies.

Recommendation of the ECF Board

The following is proposed:

- The PIF No 1 and PIF No 2 assets will be donated to the Chess Trust;
- A memorandum of understanding will be put in place between the ECF Board and the Chess Trust Trustees setting out the understanding that both bodies expect to have between them;
- The BCF will remain as a dormant body in the short term at least;
- The Permanent Invested Fund will terminate on the completion of the donation;
- The following resolution will be placed before the BCF Council AGM on 23rd April 2022:
“THAT the assets of the Permanent Invested Fund No 1 and the Permanent Invested Fund No 2 be donated to the Chess Trust be held on the terms of the Chess Trust”.

In addition, ECF Council will consider a resolution to amend the ECF articles of association to remove references to the PIF Trustees, thereby removing their right to be members of Council.

Note

The equivalent value of the PIF No 2 assets (originally part of the John Robinson bequest) was donated to the Chess Trust from both PIF No 1 and PIF No 2 assets in order to minimise any potential capital gains tax liabilities. Hence both PIF No 1 and PIF No 2 still remain in existence, but are effectively the value of the PIF No 1 Fund built up since the early 20th century.