

SHROPSHIRE CHESS ASSOCIATION

2023 Extraordinary General Meeting

AGENDA

1. **Welcome and Apologies for absence**
2. **Recap - Why are we doing this – Christopher Lewis
(see appendix a)**

The draft constitution has been prepared using the charity commission template with minor amendments to reflect Shropshire Chess Associations governing structure.

During the meeting we will not be reading through the constitution. Instead the items below are those that the officers believe warrant a discussion point.

3. **Charity Objects**

Do members agree with the proposed charity objectives?

Paragraph 3

The charity's objects ('the objects') are:

- (1) The advancement of amateur sport by promoting the study and practice of chess in all its forms, principally, but not exclusively, for the benefit of the residents of Shropshire.*
- (2) The advancement of education by promoting the development of young people through the teaching and practice of chess.*

4. **Membership**

Do members agree with the proposed membership of the new charity?

Paragraph 8

(1) Only individuals who are members of a Shropshire chess club (see section 34) are members of the Shropshire Chess Association. Membership is automatic and there is no need to register.

In this constitution 'Shropshire Chess Club' means:

Any chess club based within the county of Shropshire that has entered the standardplay league in either the previous or current season

5. **AGM Quorum**

Do members agree with a quorum of 10 at the AGM?

Paragraph 12

(2) A quorum is 10 or more members entitled to vote upon the business to be conducted at the meeting;

6. Trustees

Who should be the new officers/trustees of the charity? How many trustees should there be?

The draft constitution currently does not place restrictions on the number of trustees. Following further deliberation between the current officers, we propose those clubs who do not already have an officer (who automatically becomes a trustee) may nominate an additional trustee to act in a “non-executive” oversight role. This would result in a total of 3 officers and 3 independent trustees.

Paragraph 16

(1) The charity and its property shall be managed and administered by a committee comprising the officers and other members elected in accordance with this constitution. The officers and other members of the committee shall be the trustees of the Charity and in this constitution are together called ‘the trustees’.

(2) The charity shall have the following officers:

(a) A president,

(b) A general secretary,

(c) A treasurer.

(5) The number of trustees shall be not less than three but (unless otherwise determined by a resolution of the charity in general meeting) shall not be subject to any maximum.

7. ‘Over to You’

An opportunity for members to query and propose amendment to any part of the constitution

8. Adoption

A yes/no vote on whether to adopt the new constitution

Appendix A

Shropshire Chess Association - Charity Registration?

Proposal:

- To apply to the charity commissioner to register Shropshire Chess Association (SCA) as a charity.
- To establish a committee to prepare an application to the charity commission, agree our charitable objectives, establish who the trustees would be and review/revise our constitution to ensure it complies with charity law.

Background:

The legal status of SCA is that we are an unincorporated members association. Although unincorporated SCA still has an obligation to pay corporation tax on any trading profits we make.

Most surpluses that have historically arisen in SCA are referred to as "mutual trading", essentially our members trading with ourselves. These profits are not liable to corporation tax.

With the opening of the junior chess club in September a new source of trading income has arisen. We are charging kids £2/week and by the end of the year, after costs, the taxable profit was £132.02 resulting in a corporation tax liability of £25.08 payable by the association. To comply with our tax obligations HMRC have already been notified a liability has arisen. Next year the junior organiser anticipates this liability to be much higher, potentially several hundred pounds.

It's also always been ambiguous whether the congress is protected by the mutual trading rule or not. Income arising from the membership likely is but any profits (if any) arising from non-Shropshire players is likely subject to tax once costs are apportioned.

We would not be the first association to register as a charity. There are several other county associations on the charities register who have already taken this step increasing the likelihood our application would be accepted.

There are pro's and con's of registering as a charity:

Advantages of registering as a charity

- No Corporation Tax on profits
- Enhanced reputational status for SCA of being a charity
- Potential gift aid on any donations made to SCA
- Removes the ambiguity around any congress surpluses

Disadvantages of registering as a charity

- Time commitment to register and file annual return with the charities regulator
- Additional administration for the trustees around minuting of decisions
- If the association were ever to fold the reserves would have to be distributed in line with the charitable objectives rather than back to all the members
- Any actions taken by the association would have to fall within our charitable objectives

Conclusion

Taking all of the above into account we feel that the advantages of registration outweigh the disadvantages and we recommend that the AGM adopt the proposal.

Mathew Clark (President)

Tony Preece (General Secretary)

Christopher Lewis (Treasurer)