

T Mark Hall Foundation

Investing in the future of British Go

The Future of the Foundation

A Discussion Document for Members

February 2021

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1. REASON FOR THIS DOCUMENT

We have reached an important moment for the TMHF. The recent investment in a building to be used as the home of the London Go Centre has committed over 80% of the available funds into an illiquid, long-term investment. We must now decide how to progress from here.

Currently, there are four major, but separate, organisations with significant funds aimed at supporting British Go. These are, with the approximate reserves shown, as follows:-

- The British Go Association (£35,000)
- The T Mark Hall Foundation (£70,000)
- The London Go Centre (£10,000)
- The Castledine-Barnes Trust (£7,000)

The reasons for this plethora of organisations are historical, but with the advent of the London MindSports Centre, it seems reasonable to evaluate if this number of organisations is appropriate, or whether it should be streamlined by closing the TMHF and transferring its residual funds to one or more of the other organisations.

The level of remaining funds within the TMHF makes it less appropriate and not cost/time efficient to continue to run a separate organisation if others already exist that can meet the Foundation's objectives. At the recent AGM, a motion to close down the Foundation was considered premature and defeated, and the TMHF Board stated that they would issue a discussion document in early 2021.

The Companies Act 2006 requires certain company decisions to be made by special resolution, and that includes any change to the Articles and the winding up of the company. A special resolution requires a 75% majority of the votes cast and cannot be amended during an AGM or EGM.

When considering the above at the last AGM, it was agreed that the process we would follow to ensure a full members' consultation is:

- i. The Board would issue to all members a consultation document, detailing various options that could be considered for handling the closedown
- ii. A members' meeting would be called to discuss the options and try to come to a consensus as to the way forwards
- iii. When a consensus is available a further EGM would be called, at which the agreed option would be voted on with the expectation that it will reach the 75% threshold.

This document has been produced to meet the first of those actions.

2. DOCUMENT CONTENT

This document does not recommend any specific option. Instead, to allow all members to take part in a fully-informed debate it attempts to provide:

- A list of facts (not opinions) pertinent to the discussion. Where any fact is challenged, and the challenge has not been resolved, then that challenge is included.
- A list of all the possible options that have been identified to date as to how we could proceed. Where appropriate, these are broken down into individual components, allowing members to consider how they might want to assemble a solution.
- A list of arguments that people have put forwards in favour of and/or against various options. Where these arguments have counter-arguments already identified, they are included.

This document has been prepared to the best of the Board's abilities and knowledge. It should not be considered exhaustive, and we fully expect further facts, options, and arguments to be brought forward at the members' meeting to follow.

3. OBJECTIVES OF THE FOUNDATION

3.1 The Will

The TMHF was created as a direct result of the last will and testament of T Mark Hall. The relevant wording extracted from that will is as follows:

“ ... to the intent that the Trust Fund shall be used principally to promote the playing of Go in the United Kingdom. The subsidiary aims shall encompass:-

1. The maintenance and storage of the T MARK HALL library until such time as a permanent place can be found to keep the books, magazines, and pictures.
2. Research to find a permanent London Go Centre which would be open most afternoons and or evenings.
3. The provisions of financial grants to young players to assist with living costs to enable them to study Go in the Far East for periods of up to two years.”

Those objectives were copied directly into the Articles of the TMHF.

3.2 The Executor’s Interpretation

John Fairbairn was the executor of the will, and, from its inception until Autumn 2019, a Director of the Foundation. The following is extracted from what he wrote in an e-mail exchange in January 2019:

“...it might be useful if I further explain some of my own current thinking. As I’ve iterated above, we have to try to follow the will. That’s an absolute. The MAIN part of the will is about creating the LGC. We have a fledgling LGC which, as the only game in town, we should support. I think it’s a close fit to Mark’s vision. I personally believe that, in order to keep it afloat, it is vital to keep highlighting its name and Mark’s name. One powerful way of doing that is to support the London Open, treating it as the LGC’s flagship. (That of course has spin-off benefits for the BGA who can then spend more on more national objectives.) Another PR tool is the Award, though I was disappointed it wasn’t presented in front of a bigger audience at the AGM. But I can understand why it happened that way and I hope the BGJ report can provide the boost.

The other element in the will relating to serious overseas study was put in *faute de mieux* when I (and his solicitor) pointed out to Mark that he might not have enough to fund a viable LGC. As I have just said, I sense some people treating that element now as a major element, which I think is wrong, at least while we have the chance to establish the LGC firmly. The key phrase, Mark’s own, is “No holidays for kids.” Nevertheless, (again my personal view) it makes sense to spend a little cash trying things other than the LGC to see what works and how. For example, we at long last have some positive movement on “serious study” which I am therefore happy to support on a trial basis.”

Also in October 2019¹ he wrote:

“.... I also spent much time after [his death] trying to unravel some of the will’s provisions, which, because of the tragic circumstances, had been drawn up in haste.

¹ The full text of this email can be found in the 2019/20 Annual Report (see <http://www.tmallfoundation.org.uk>).

Truth to tell, it was, and is, an unsatisfactory document, but for a long time I felt able to interpret Mark's thinking to the other Board members, who were all (as per Mark's wishes) BGA officials.

..... Mark had some gripes about certain aspects of his own time on Council, but at heart he was a BGA man through and through. If the synergy between the Fund and the BGA develops so that they become even closer, or even merge, I am reasonably confident he would have ultimately approved.

Despite that, I think it behoves me to remind everyone that the Will and its objectives are actually unchanged. A London Go Centre remains the prime objective. Whether that turns out to be a multi-location London-wide centre or a digital centre, or whatever, no longer matters, in my view, so long as it can be identified as a centre. And the Fund's focus does not need to be entirely on the location."

3.3 Progress against the Objectives

An assessment of the progress made against each of the objectives is below:

a) "... to promote the playing of Go in the United Kingdom ..."

Such an objective can of course never be considered 'complete' as by its nature there will always be more that can be done. Some items that have been achieved here are:

- The TMHF has spent £3,900 in supporting Go in the "UK regions" (Liverpool, Wessex Tournament and the British Congress);
- The TMHF has made a grant of £3,000 to support expenditure on "Youth Go" though the advent of coronavirus means that this money has not yet been spent; and
- £4,000 was spent on the "T Mark Hall" award given to Tony Atkins for his enormous contribution to Go in Britain.

b) "The maintenance and storage of the T MARK HALL library"

This can be considered complete. The library now has a permanent home in the London Go Centre, in a room to be called the 'T MARK HALL Room'. A total of £2,240 was spent on this project.

c) "Research to find a permanent London Go Centre ..."

Between 2014 and 2016 the TMHF spent £16,256 on research into founding a Permanent MindSports Centre in London. It employed a consultant to undertake a feasibility study, jointly with the English Chess Federation. However, this research ceased in 2018 when three things happened: the death of Roger Huyshe put extra pressure on manpower, the ECF became more lukewarm towards the project, and negotiations started with the Young Chelsea Bridge Club.

These negotiations were successful, and the London Go Centre was born as a tenant of the YCBC. Initially the rent was £2,500 p.a. though this was subsequently increased to £4,100 p.a. In the new Salvation Army Hall, a rent of £8,000 p.a. is being agreed. From its creation the TMHF has supported the London Go Centre financially, with

grants totalling £23,220 up to 31st October 2021 (in addition to the support for the TMark Hall library, referred to above).

Recently, the TMHF has invested a total of £300,000 in the purchase of what will now be the London Mind Sports centre. Separately, £100,000 was gifted to the LGC and the LGC decided to invest this in the building. The total investment is therefore £400,000.

This investment pays a return of 2.5%, i.e. the total £400,000 will result in an income of £10,000 p.a. The LGC is entering into a rental agreement with YCBC ending 31 December 2027 at £8,000 p.a. for the use of these premises.

This investment was aimed at not only securing a permanent long-term location for the LGC, but to put the LGC on a sound financial footing with the return on the investment being used to support future rental payments.

Whether this objective can now be considered complete is a matter of debate, largely concerning whether the funds already provided to the LGC (including the proposed transfer of the £300,000 investment into LGC's name) are sufficient to secure its future. Full financial details are provided later in this document for members to consider.

- d) “The provisions of financial grants to young players to assist with living costs to enable them to study Go in the Far East ...”

The only expenditure under this heading was a grant of £500 to assist one of our young players to attend a Go school in Germany in 2020 (coronavirus meant that travel to the far east was out of the question, and the Board felt that this grant was within the spirit of T Mark's bequest, if not the letter).

4. FINANCIAL FACTS AND PROJECTIONS

Many of the arguments that will follow are based around the financial status and prospects of the new company that owns the building ‘MindSports Property Limited’, of the TMHF, and of the LGC. To allow members to judge the validity of those arguments this section presents the current and projected financial status of these organisations.

4.1 MindSports Property Limited

MindSports Property Limited (MPL) has been capitalised with £2,100,000, of which £300,000 has come directly from the TMHF, and £100,000 from the LGC – after receiving a donation of the same amount from the TMHF. This has enabled the Company to purchase the building (for £1,760,000) and, after fees and expenses, leaves around £230,000. Of this, £200,000 is earmarked for building refurbishment and the remainder will act as reserves.

Investors receive a 50:50 mixture of shares and loan notes. The shares act as company ownership, but it is not envisaged that any dividend will be paid. The Loan Notes pay a return of 5% p.a. (making an overall return to investors of 2.5%, together with any capital gain/loss from a change in value of the building). The return on the Loan Notes owned by the TMHF and the LGC (a total of £10,000/year) will more than cover the rent paid by the LGC to the YCBC (currently £8,000/year up to 2027).

It is envisaged that the TMHF holding of shares and Loan Notes (totalling £300,000) will be transferred to the LGC. It must be noted though that there is an option to only transfer the Loan Notes, which would provide LGC the full annual income but not the full investment.

Whilst negotiations are still ongoing, the intent is that as part of their lease agreement the YCBC will have financial responsibility for the maintenance of their portion of the building, with MPL carrying responsibility for the portion let commercially. The LGC has no direct responsibility for building maintenance.

It is planned that MPL’s income (from letting out the building, partially to the YCBC and partially to commercial tenants) will cover its costs, chiefly the interest payable on the Loan Notes. However, it is possible that either unforeseen expenditure, or a prolonged shortfall in income, will mean that the reserves prove inadequate and additional funds will be required by MPL to meet its obligations.

The Table below gives MPL’s estimate of its Income and Expenditure in the next 2 years:

	6 months Jan–Jun 2021	6 months Jul–Dec 2021	Full year 2021	Full year 2022 onwards
Income	£	£	£	£
Rent from YCBC [1]		17,500	17,500	35,000
Profit from office letting [2]		11,000	11,000	22,000
Expenditure				
Accountancy, insurance, etc.	(1,000)	(1,000)	(2,000)	(2,000)
Loan note interest		(26,250)	(26,250)	(52,500)
Maintenance				(2,000)
Profit/Loss			250	500
Tax (at 19%)			47.50	95
Net profit/loss			202.50	405

MPL have asked YCBC for rent of £35,000 p.a. on the assumption that the profit from office letting can be £22,000 p.a. As shown, this would just cover the expected operational commitments of MPL after setting aside an allowance of £2,000 p.a. for maintenance. This assumes that initial refurbishments have been completed to put the building in working order. It remains to be seen whether the £35,000 p.a. from YCBC is sufficient, and whether £2,000 p.a. for maintenance is sufficient, but it is understood that this amount is less than the amount charged at Goldhawk Road and the LGC contribution to YCBC has almost doubled so there is some margin for error.

In order to limit the loan interest payable (MPL's major cost), the initial capitalisation is capped at £2,100,000. Of this, £1,700,000 comes from the core investors (3 bridge players, the TMHF and the LGC). There is the option for other individuals to purchase Shares and Loan Notes in the Company up to March 31st, and over £100,000 has already been pledged. If (as is likely) the total raised is less than £2,100,000, the core "bridge" investors have agreed to make up the shortfall.

In addition, the Company has the right to issue further shares to a value of £200,000, but these will not be associated with Loan Notes and hence will not require the payment of interest.

It is understood that the chess players are hoping to raise around £150,000 to support the venture.

4.2 T Mark Hall Foundation

The T Mark Hall Foundation (TMHF) was set up in 2014 with capital of £354,000. Since then it has:-

- Earned a total of £171,000 from dividends, interest and capital gains
- Spent a total of £55,000
- Invested £300,000 in MindSports Property Limited (and donated £100,000 to the LGC which has invested it in MPL)

This means that the TMHF now has liquid funds of about £70,000, in addition to the £300,000 it has invested in MPL which is essentially illiquid. About £65,000 is invested in the stock market, although this can readily be liquidated into cash. The remainder is held as cash.

The TMHF is a company limited by guarantee and is not charitable. It is therefore subject to Corporation Tax (at 19%) on its profits.

4.3 London Go Centre

Accounts for LGC year to 31 October 2020

<u>Income & Expenditure account</u>		£
Income		
	Tournament entry fees	3,273.16
	WLGC board fees	276.00
	TMH Foundation grant re building	100,000.00
	TMH Foundation grant re LGC	10,000.00
	BGA grants	200.00
	Nippon Club grants	300.00
	David Ward prize grant	100.00
	Donations	89.32
	Prizes not claimed	45.00
Total Income		114,283.48
Expenditure		
	Rent to YCBC to 31/10/20	3,495.00
	YCBC internet cost	605.00
	Tournament prizes	1,000.00
	Pro travel costs	237.43
	Pro fee re LOGC 2019	388.21
	Tournament buffet re LOGC 2019	328.30
	Grand Prix fee re LOGC 2019	110.06
	TMH library cabinet	147.50
	Cleaning and bar re LOGC 2019	300.00
	Pro teaching costs	217.91
	Pro costs re Youtube videos	282.89
	Webcam & tripod	104.98
	Tables	95.10
	Storage boxes	61.88
	Various tournament equipment	24.94
	Office supplies	58.39
	Go boards	85.20
	Cup engraving	40.00
	Video editing licence	32.61
	Covid-19 supplies & other	16.30
Total Expenditure		7,631.70
Surplus		106,651.78
<u>Balance sheet</u>		£
Assets		
	Investment in Salvation Army Hall	100,000.00
	Prepaid pro travel	522.84
	Cash in bank	14,442.90
Total Assets		114,965.74
	TMH Foundation grant to 31/10/21	5,000.00
Net Assets		109,965.74
	Surplus b/f	3,313.96
	Surplus to 31/10/20	106,651.78
		<u>109,965.74</u>

The accounts for LGC to 31/10/20 are shown above. Expenditure was performance reduced due to Covid-19 preventing any events taking place.

Apart from the recent £100,000 investment in MindSports Property Limited, LGA has reserves of around £10,000.

Assuming that the TMHF gifts its £300,000 investment in the building to LGC, then LGC would receive an annual return of £10,000 p.a. on the total £400,000. It would have a rental commitment of £8,000 p.a., giving a surplus of £2,000 p.a. for operational expenditure. This puts the LGC in a stable position. The concern would be whether future building repairs would be necessary that would require further funds to be injected into MPL, for which it is intended to set up a reserve as a core shareholder. It would be helpful for LGC to have access to some of the remaining TMHF reserves for this purpose. LGC is a charity and therefore does not pay tax. The "administrative costs" of running LGC are currently zero.

Mohammed Amin produced a paper in October 2020 which concluded:

"In my view, LGC can almost certainly already carry out all the historic activities of TMHF within its current objectives. If there is any doubt about that, I recommend expanding LGC's objectives, while continuing to remain charitable. I think that changes to LGC's objectives are too complex to cover in the merger motion, but it includes a condition that both governing bodies reach agreement about whether LGC's objectives need any amendment, and if so, agreeing on the revised text."

5. FUTURE OPTIONS

The options here are not all mutually exclusive, indeed some options rely on others happening to be possible.

The arguments presented, for and against, are in some cases raised as 'Devil's Advocate' items to prompt thought. Indeed, some arguments raised against options may be seen by some as positive outcomes, and vice versa. There is no intention in this document to promote or favour one argument over another.

It is of course for individual members to weigh up the merit of the arguments raised.

5.1 Transfer of the £300,000 investment to LGC

At present, the Go investment in MPL consists of £100,000 from LGC and £300,000 from TMHF. If this continues as is the return on these investments would go proportionally to each organisation.

As the intent is to use the return on investment towards funding the future rental costs for the LGC, it seems appropriate to transfer the remaining £300,000 investment to LGC ownership². This way LGC will directly receive the full investment return on the £400,000.

Obviously there can be no prospect of winding up the TMHF if the £300,000 stays in TMHF's ownership. No discussion has taken place about the possibility of the £300,000 being transferred to a separate organisation, as that would seem contrary to the objective of creating a viable London Go Centre.

In a proposal document issued by the LGC they discuss the changes they would make as a result of such a resource transfer to the LGC – these are covered in section 6.1 below.

Arguments For:

- Simplicity, in terms of all the investment being in one holding
- The investment being transferred means that the LGC is financially in control of its own destiny in the future.
- This supports T Mark Hall's wishes to create a viable London Go Centre. Whether you consider it to complete that particular objective will depend on your assessment of the financial state of the LGC after the transfer.
- The LGC as a charity has no risk of paying tax on the investment return or on any future gain in the value of the MPL shares, although, as the TMHF would donate the investment return to LGC to cover rental, there would in effect be no tax liability there either.

² The TMHF investment in MPL consists of £150,000 shares, and £150,000 Loan Notes. To make the LGC financially independent, it would be necessary to transfer the Loan Notes to LGC, but not necessarily to transfer the shares, which could be kept within TMHF or transferred to a different organisation. Although these shares have value, they are essentially illiquid without a willing buyer. However, if the London MindSports Centre becomes financially unviable, and the building is sold, then significant funds would accrue to the owner of the shares and that owner might not be bound to support the LGC.

- Transferring the shares to the LGC, and with agreement that LGC has suitable charitable objectives that match those of the TMHF, means the shares could not then be sold to anyone for profit, to the potential detriment of the viability of the London Go Centre.

Arguments Against:

- It involves the expenditure of roughly 80% of TMHF's remaining funds.
- If MPL proves to be a financial failure, with a consequential sale of the building, the resulting funds will be tied up within a legally-constituted charity with limitations as to how the money can be utilised. In practice, this is considered unlikely to be a major issue as the funds would be held for investment in another suitable London Go Centre.
- It would be more appropriate to retain the residual funds akin to an endowment, and only spend the investment return. In practice, the expected return would be relatively small (for example 4% of £70,000 is £2,800 p.a.)

5.2 Closing down the TMHF

Assuming that the £300,000 investment is transferred to the LGC, the TMHF will be left with residual assets of about £70,000. This option involves disposing of those funds in a suitable manner, and then winding up the Foundation in an orderly manner.

How the funds could or would be disposed of is addressed by later options.

Arguments For:

- The residual funds are not sufficient to warrant the maintenance of a separate organisation, with its associated management effort and cost overheads, if other organisations already exist which would use the funds to achieve the Foundation's objectives.
- In particular, the management effort involved will use up the time of committed individuals and will reduce their capacity to progress other Go-related initiatives.

Arguments Against:

- It increases the risks of the remains of T Mark Hall's legacy being spent in a manner which is inconsistent with his intentions.

5.3 Options for disposing of the residual funds

There are a number of possible homes for the residual funds. They are not mutually exclusive, and indeed the funds can be distributed between them in any proportion that the members decide. Each of those that has currently been considered is considered below, in alphabetical order.

Three proposals have been received, and those are covered in section 6.

5.3.1 British Go Association

The British Go Association is, in legal terms, an unincorporated Association meaning that it cannot own property or shares, and is not subject to any external regulation (by, e.g. the Charity Commission or the Companies Act). The BGA Council are, however, considering converting the Association to a Company Limited by Guarantee, and a proposal to undertake this conversion will be put to its Members, hopefully during 2021.

It currently has a turnover of around £15,000/year; and reserves of about £35,000.

In principle, the BGA is liable for Corporation Tax on its investment income. However, as this is currently minimal (less than £500/year), HMRC has given it a dispensation from paying tax because the cost of collecting it probably exceeds the amount raised.

Arguments for the BGA receiving funds:

- We have the following quotes from John Fairbairn's resignation letter in October 2019 to the TMHF
 - "T Mark had some gripes about certain aspects of his own time on Council, but at heart he was a BGA man through and through"
 - "If the synergy between the Fund and the BGA develops so that they become even closer, or even merge, I am reasonably confident he would have ultimately approved"
- The BGA as the national association already has a responsibility to promote Go playing across the UK, matching the principal objective of the TMHF as laid out in T Mark's will. As a member-based organisation it has over 400 members in all parts of the UK who can, and do, hold it to account against that objective.
- The work that the BGA Youth group has been doing to promote the uptake of Go at the junior level is at the moment possibly the single most important initiative in the UK for increasing our Go-playing population. As funding from DeepMind has now ceased the shortfall involved of perhaps £2,500³ could be filled in whole or part by money from the TMHF, supporting the objective of promoting the playing of Go.
- In the event of MPL requiring further funds, there is nothing to stop the BGA itself from making an investment in MPL (assuming that it has become a CLG).

Arguments Against:

- It has enough money in reserves already, of around £35,000. (The recent Annual report gave the reasons behind why the BGA Council believe a strong reserve amount is needed at this time, which includes an allowance for funding a possible UK based EGF Congress).
- T Mark Hall did not choose to leave his legacy to the BGA but to a separate organisation, albeit having close links to the BGA and identical management.
- Passing money to the BGA (rather than to the LGC) increases the risk of the LGC running short of funds in the future. The main element of the will per John Fairbairn is to support a London Go Centre (rather than the BGA).
- Not being a charity, the BGA is liable for Corporation tax on any investment income.

³ Recently the BGA has spent around £5,000/year on "Youth". It is assumed that future expenditure is maintained at this level, but that 50% comes from BGA resources and 50% from other resources.

5.3.2 Castledine Barnes Trust

The Castledine-Barnes Trust was created in 2001 by the merger of the Castledine Trust and the Susan Barnes Trust, two trusts set up in memory of Brian Castledine (died 1979) and Susan Barnes (died 1983). Its aims are:

“to provide instruction in go to Young Go Players either individually or in clubs leagues or other associations (including the provision of go boards, stones, clocks and other appropriate equipment, and books, magazines and other educational material relating to go) and to promote go tournaments, matches and competitions in which Young Go Players or teams of Young Go Players shall take part (including the provision of accommodation, equipment and supervising personnel, travelling and other expenses of the Young Go Players, and prizes).”

Although it has been set up as a trust with charitable aims, it has not been registered as a Charity with the Charity Commission; at the time the ruling legislation made it rather harder to achieve charitable status than is the case today, and there has never been sufficient impetus to change the *status quo*.

Its governance is by three self-perpetuating Trustees (currently Sue Paterson, Martin Harvey and Toby Manning). In the event that one of the Trustees resigns, the remaining Trustees will appoint a replacement. This is identical to the current (as at January 2021) governing arrangements for the London Go Centre.

The Trust currently has assets of £7,300, although £4,000 to £5,000 is provisionally earmarked to support the development (in collaboration with the American Go Association) of a Go Server specifically aimed at young players.

In 2017 the BGA received a grant of £5,000 from DeepMind to “support Youth Go” (this grant was repeated in 2018 and 2019). Since 2017 most expenditure on supporting young players that would normally have been undertaken by the Trust was undertaken by the BGA, as it was considered necessary to demonstrate that the previous year’s grant had been spent before applying for its renewal. This expenditure included:

- Support for supervising adults to attend the European Youth Go Congress
- Provision of “hoodies” for those attending the European Youth, and members of the “squad”
- Provision of tuition at the annual summer “Youth Go Camp”
- Support for Youth Tournaments (British Youth, UK Go Challenge)

Accordingly, the Trust’s activities during the 4 years 2017 – 2020 were somewhat muted; it spent a total of £1,417 with an income of £296.

Arguments for the CBT receiving funds:

- There is a significant overlap between the work of the CBT and the third objective in T Mark’s will, that of funding overseas Go study.

- The promotion of Youth Go is arguably the most important factor in ensuring an active and sizeable Go-playing community in the future, thus working towards T Mark's basic objective of promoting the playing of Go.

Arguments against:

- As it is not currently a charity, unless it became one it is liable for corporation tax on any 'profits' made.
- In its current setup there is a lack of democracy in its governance structure.
- Funds injected into the CBT may no longer be available to support the London Go Centre if required
- Any reserve for the London Go Centre is best kept within LGC

5.3.3 London Go Centre

The LGC is currently a CIO – a charitable incorporated organisation in England and Wales with the following objects:

- (1) The advancement of the game of Go by the provision of facilities for the learning, teaching and playing of Go.
- (2) The advancement of the education of children and young people by providing or assisting in the provision of facilities for the teaching, development, and supervision of the playing of Go.

These objects were put in place by discussion with the Charities' Commission in order to qualify as a charity, but they also allow the LGC to follow the provisions of T Mark's will in providing for the London Go Centre (its primary purpose) and also to support the game of go generally together with specific support for youth go.

The LGC is checking with the Charities Commissioner whether its remit allows it to disburse funds across the whole of the United Kingdom.

The current trustees are Gerry Gavigan, Alexander Rix, Richard Wheeldon and Jonathan Turner; the TMHF (and the Nippon Club) has the option of appointing a Trustee, but has not yet done so. There are proposals described later to update the governance structure.

The following is from a proposal issued by the LGC, which is itself discussed in 6.1 below:

“The support provided by TMHF in the past has enabled LGC to focus on being operationally successful. Our objective has been to run as many events as can be supported by the income generated by the events. It has enabled us to provide some events free-of-charge to participants. Only having to worry about the costs and income associated with events has enabled LGC to make significant contributions to promoting Go in Britain, supporting the wider activities of the governing body, the British Go Association (BGA).

- LGC has taken over the London Open Go Congress (LOGC), the major tournament in our calendar and has initiated a mirroring event in late spring: Not The London Open (NTLO). Taking over the LOGC has turned a

loss to the BGA of over £2,000/year into a profit that has enabled us to seed fund NTLO. Now British Go has two major events with each one supporting a visiting professional.

- LOGC is now a fixture in the EGF Grand Prix, widening British Go participation in European events.
- LGC has revitalised the Bar Low, an event that was struggling to survive because of the challenges of finding an affordable venue.
- LGC has provided a home for the Varsity match.
- Already LGC is able to host European events such as the Women's Championship. In the future, SH and its locality makes hosting the European Go Congress a possibility.
- LGC has established the annual T Mark Hall Rapid Play.
- LGC runs training events for kyu players, frequency determined only by demand.
- LGC initiated a guest lecture series, suspended as a result of Covid, but to be resumed. These lectures and others are preserved on our increasingly popular YouTube Channel, a resource available to all free-of-charge.

All of the foregoing is self-funding.”

Arguments for the LGC receiving funds:

- Supporting a London Go centre was T Mark Hall's main objective.
- The new building enables LGC to expand its day-to-day activities bringing them closer to TMH's vision, but brings a challenge of needing to support and maintain the building. As such a contingency fund is required.
This article [What Is a Contingency Fund? \(chron.com\)](#) suggests a contingency of 10-20% of the budget is required for new start-ups. For LGC that suggests a requirement of £40,000 which would be held and or invested separately from operational funds.
- The financial viability of the new building is not yet clear, it relies on renting out offices in surplus space on the first floor for which demand is uncertain. It is also unclear what surplus may remain from the initial fund-raising after immediate repairs are undertaken. All this makes it prudent to establish a suitable reserve to guarantee the long-term viability of the LGC. Should there be a need for further funds to support the building, it is likely that bridge players would again shoulder the majority of that burden but having an ability to continue to contribute to support MPL is believed to be highly desirable to maintain goodwill and for the stability of LGC itself.
- There can be no doubt that the LGC is the highest-profile club organisation in the UK, hosting the UK's only Grand Prix event. Using further funds to consolidate that position would allow it to retain that pre-eminence and further establish its reputation both at home and internationally. This directly stimulates the playing of go in the UK.
- As a charity, it is liable to fewer taxes and more benefits than ordinary companies. LGC has registered for Gift Aid, allowing individual donations to be increased by the Government (though this would not apply to the transfer from TMHF).

Arguments against:

- As detailed in 4.1 above the cost of building maintenance will be split between MPL and YCBC, and not LGC. Hence MPL is the organisation in need of the building contingency fund, not LGC.
The capitalisation of MPL is also covered in section 4.1. Members can make their own assessment as to whether they consider that likely to be sufficient. If in the case of need MPL have a capitalisation shortfall it may have several options as to how to raise the money other than going to their existing shareholders. However, if indeed shareholders are approached through a rights issue, there is no obligation on them to take up their options, though not doing so would diminish their percentage equity holding and may damage the ability of MPL to meet its commitments, thereby threatening the viability of the building and the LGC itself.
- The LGC at present has a very healthy bank balance when compared to other Go clubs across the UK, much of which has come about through past funding from the TMHF. Now it is time for the TMHF to ensure its remaining funds are spread wider to meet the objective of promoting Go across the UK.
- That the LGC can hold many self-funded tournaments, some with the participation of professionals, is largely due to the fact that its ongoing accommodation costs have been covered by funding from the TMHF. At this point would there be larger incremental gain to the promotion of Go by using the remaining funds to help other clubs and tournaments similarly?
- The funds going to an already high-profile London based club could lead to Go being seen as a London-centric pastime rather than a nationwide activity. Should it result in increasing further the proportion of major tournaments held in London, it may reduce the opportunities for Go players who are distant from London.
- As a charity it is more attractive for companies seeking to demonstrate corporate social responsibility, so is better placed than many to raise funds to support its objectives without relying on the residue from the TMHF.
- LGC potentially duplicates the general role of the BGA in the support of Go in Britain and the roles of the BGA and the Castledine-Barnes Trust in the support of youth Go. (Though note the proposal below that the LGC Board should include a BGA Council nominee.}. Although it is legally named the “London Go Centre”, the constitution does not refer to either “London” or to the “London Go Centre”. LGC believes that the London Go Centre constitution with its existing charitable objects and powers is sufficient for the purpose.

6. PROPOSALS RECEIVED

The following have been suggested as ways of apportioning the residual funds.

6.1 London Go Centre proposal for use of the funds

The LGC has proposed to use the residual funds as follows:

- 50% to act as a contingency reserve.
- 50% to be used for wider activities (outside the London Go Centre)

They state that “The contingency fund from the TMHF from its residual resources would not be used, and in any case should not be used for running Go events. It is there as a fallback and would be held and accounted for separately from operational activities.”

Their proposal also discusses the consequences of a major transfer of funds to the LGC. They state:

“Suddenly it will be transformed from a tiny charity to one with substantial assets.

Originally LGC was set up with a non-voting structure and its remit is currently executed by four trustees. This model is not suitable nor reasonable once a large transfer of resources takes place. Furthermore, the trustees consider that LGC should be tied more formally to the BGA. Accordingly, in return for the transfer of resources by TMHF to LGC, it is proposed that LGC Trustees undertake a change of structure as follows:

- (1) Change the current structure of LGC to an Association model with a voting membership.
- (2) The existing members of the TMHF are automatically granted membership.
- (3) Replicate existing membership eligibility conditions of the TMHF as modified below:
 - (i) a current member of either BGA or LGC and such membership having been in place for five years continuously.
 - (ii) approval of application by LGC trustees (not to be unreasonably withheld nor without reason given).
 - (iii) for this category membership of LGC is free of charge and renews automatically annually subject to the member in question acting in a manner consistent with LGC’s objects and 3(i) above.
- (4) Investigate a paid for membership category which would lead to voting status after certain criteria have been fulfilled.
- (5) Take whatever steps are necessary to widen the remit to the whole of the UK.
- (6) Create a provision whereby the four existing LGC trustees at the end of their terms are subject to re-election by members at an AGM on a four-year cycle (one post of trustee is subject to election each year).
- (7) The existing provision whereby TMHF can nominate one board member to be a LGC trustee is replaced by a similar condition in which BGA Council can so nominate.”

In respect of the wider activities the proposal states:

“There are other objectives of TMHF still to consider and how they might best be discharged. LGC’s current objects include supporting youth Go. The portion of the TMHF residues to be used for these purposes could easily be held separately administered within the existing arrangements.”

LGC has an open governance structure, with its day-to-day financial arrangements visible on request. It will be membership accountable and its Trustees are exposed to legal challenge if LGC strays from or fails to discharge its objects since it is a charity.

From its inception LGC has worked on being fully open and accountable.”

6.2 Merge the remaining TMHF into the Castledine Barnes Trust

This option came about through considering the desire to adopt an ‘endowment’ philosophy for the remaining funds, and support Youth work to the tune of about £3,000 p.a.

Assuming that the £300k TMHF investment in MPL is transferred to the LGC, the actions to be taken would be:

- Merge the TMHF and the CBT, constituting the merged organisation as a registered charity, ensuring that one of its objectives is to preserve the financial viability of the LGC.
- Seek a Business Plan from the LGC to determine if an additional donation to the LGC is appropriate.

Careful thought would need to be given as to the merged organisation’s objectives. Would it be purely to promote “Youth Go” – in which case it would not be able to provide additional financial support to the London MindSports Centre in the event that it was found to be necessary – or would its remit be much wider to enable it to legally make such an investment?

The C-B Trustees believe that there should continue to be a separate organisation dedicated to support Youth Go. They have no strong feelings on the future structure, governance or legal status of this future organisation, and they note in particular the need to review:

- Governance Arrangements (should it be democratised?)
- Charitable status

If a significant proportion of TMHF’s assets of £70,000 was dedicated to Youth Go then it would be possible to undertake a further significant expansion of Youth Go activities, building on the foundations provided by the DeepMind support.

There are two possible models for a future merged organisation, depending upon its objectives.

6.2.1 Youth Support Only

This assumes that the objectives of the merged organisation are essentially unaltered from the existing aims and objectives of the CBT, i.e. to support Youth Go.

6.2.2 A Wider Philanthropic Organisation

This model assumes that the merged organisation (“The Go Players’ Memorial Trust”) would have a wider philanthropic remit than simply supporting Youth Go. It would apply for charitable status, with the associated tax advantages. Part of its funds would be ring-fenced for the support of Youth Go (this would apply, as a minimum, to the funds derived from the existing Trust).

Its remit would be wide enough so that it could, if required, support MPL/London Go Centre.

This proposal would give maximum flexibility in terms of utilising the ex-TMHF funds; it would not “tie-up” funds in a LGC reserve which may not be required.

Its governance arrangements would be similar to those proposed for the LGC (see Section 6.1).

This model is based on that of the American Go Foundation www.agfgo.org, a non-profit organisation closely allied to the AGA, whose objects are:- 'to support activities which foster public knowledge and appreciation of the game of Go; to encourage wider understanding of Asian cultures through the play of Go; to promote the play of Go as an intellectual pursuit; and to raise and disburse funds for the foregoing purposes.' However, it has the following disadvantages:-

- a) it needs the agreement of the CBT Trustees, which may not be forthcoming; in any case its management will be complicated because the funds derived from the CBT will need to be ring-fenced for Youth purposes;
- b) With a wide range of possible beneficiaries it may be difficult to decide on the disbursements;
- c) By being unfocussed (unlike the CBT) it may be less attractive for potential donors.

6.3 Merge the remaining TMHF into the BGA.

If it was felt that some of the TMHF residual funds (£70,000) should be kept as a contingency in case the London MindSports Centre required additional investment, then these funds could be transferred to the BGA.

This would have the following advantages:

- Most of the liquid financial resources held within the Go community would be in a single place (hopefully minimising administrative arrangements and costs)
- It should avoid possible conflict between the BGA and the LGC, being two organisations with similar objectives
- It would provide maximum flexibility in the use of funds

with the following disadvantages:

- The current BGA governance structure may not be appropriate for dealing with large sums of money, as it puts a lot of power and responsibility in a small number of people. It may also be better to separate out the "day-to-day" management of the BGA as the game's Governing Body from the strategic management concerning the disbursement of funds.
- As currently envisaged, although Council is proposing to convert to a Company Limited by Guarantee, it is not currently envisaging becoming a charity. It would therefore have wide powers to invest its funds, but would be subject to Corporation Tax (at 19%) on the proceeds. It would therefore not be bound by the charitable objectives that bind the LGC or by the provisions of the TMHF itself.

7. QUESTIONS FOR MEMBERS

This discussion document gives rise to the following questions:-

1. Should the TMHF transfer its Loan Notes in MPL (worth £150,000) to the London Go Centre? The TMHF Board believes that this transfer should proceed.
2. Should the TMHF transfer its Shares in MPL (nominally also worth £150,000) to the London Go Centre, or to another organisation? Should any conditions be attached to the making of any transfer? In particular, how do we avoid the risk of the shares ultimately being sold for profit, and the proceeds not used to support the TMHF objectives.
3. Should we attempt to streamline the administration of British Go by reducing the number of organisations involved (from 4 to 3)? The TMHF Board believes that this should proceed.
4. Assuming that the answer to Q2 is “yes”, after the transfer of its investment in MPL, this leaves a residual of about £70,000. Of this:
 - a. What percentage should go to the LGC?
 - b. What percentage should go to the CBT, and should this be specified as “supporting Youth Go” or for “general philanthropic work” (including Youth Go)?
 - c. What percentage should go to the BGA?

As there are multiple options available, it is intended to have an on-line discussion meeting, involving one or more “straw polls”, to ascertain the feeling of Members. The Board will then put a definitive Special Resolution to an EGM. The wording of this Special Resolution will be based on the results of the discussion meeting, with the hope that it will receive sufficient support (it will require 75% voting in favour) for it to pass.