

T Mark Hall Foundation

Investing in the future of British Go

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*25 September 2020.
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POSSIBLE PURCHASE OF SALVATION ARMY BUILDING AND DONATION TO LONDON GO CENTRE

Letter from the Board

Introduction

Earlier in September we sent out a Newsletter giving details of the proposed purchase of the Salvation Army Building in Hammersmith for use as a Mind Sports Centre. On 13 September we held an Extraordinary General Meeting of the Foundation, at which the members authorised the Board to proceed with the purchase if it believed it was in the best interests of the Foundation.

An Offer to purchase has therefore been made, subject to a satisfactory survey. The sellers (apparently having been let down several times before) have asked for proof that the funds are available, and this requires us to place the purchase price into a Solicitor's client account. This money will include the Foundation's contribution of £400,000. The purchase will either then go through or, if not, the money will be returned to us.

We have set up a Company (MindSports Property Limited) which will purchase the building. The Foundation will own shares in this company to the value of £400k; other investors from the bridge world will own the remaining shares, to a total value of around £2M.

Taxation

The Foundation currently has total assets of around £460k, which are invested in (mostly) stock market assets. In order to realise the £400k purchase share of the purchase price, we will need to sell most of these assets. This will create a significant capital gain (of around £100k) on which we will need to pay Corporation Tax at 19%, i.e about £19,000.

Corporation Tax is paid on the Company's profits for the year, and we have received informal advice from Member Mohammed Amin (a former senior PwC partner and a chartered tax adviser) that we can offset these profits against charitable donations. The London Go Centre is a Registered Charity and so the Board is minded to make a donation of £100,000 to the LGC. This would effectively mean that the Foundation would own shares in MindSports Property to

the value of £300k; the LGC would own shares to the value of £100k; and the Foundation would have £60k left over for other purposes.

This donation to the LGC would be irrevocable; the LGC (as a Charity) would not legally be able to return the money to the Foundation in the event that the purchase does not take place.

The alternative would be for the Foundation to own shares in Mind Sports Property Ltd to the value of £400k, pay the tax and have £41k left over for other projects.

Potential Risks

We can identify the following risks:-

- HMRC does not consider that the gift to the LGC can be used to offset the Company's profits arising from the capital gain
- The purchase does not take place, in which case the £100k donation will be sitting with the LGC and could not be used by the Foundation (in this case, the LGC has indicated that it is happy to ring-fence these funds for a future property purchase).

The London Go Centre

The London Go Centre is a Charitable Incorporated Organisation which is subject to Charity Law: it is registered with the Charity Commission No. 1178675. It is run by Trustees who are currently:-

- Gerry Gavigan
- Jonathan Turner
- Richard Wheeldon
- Alex Rix

In addition, the Nippon Club and the Foundation each have the right to appoint a Trustee, although to date neither organisation has taken up this option.

The LGC is not a "Member Organisation" though the LGC constitution does allow non-voting membership which has not yet been activated; the Trustees serve fixed 3-year terms and so are not subject to annual re-election. If a Trustee resigns then it is the responsibility of the remaining Trustees to replace him.

The LGC was set up primarily to administer and promote the London Go Centre.

The objects of the CIO, which were written so as to be eligible to be a charity and are deliberately broad, are:

- (1) For the public benefit to promote the teaching and playing of Go (also known as iGo, Wei Chi and Baduk) including social and mental training for young persons in such ways as the charity trustees think fit, including by awarding to such persons scholarships, maintenance allowances or grants to enable the advancement of their studies at the London Go Centre or elsewhere.
- (2) For the public benefit to promote learning for pleasure by people no longer in full time employment and maintain their cognitive abilities through the continued development of the individual capabilities, competencies, skills and understandings specifically associated by studying and playing Go.

- (3) To advance the education of the public in general about the benefits to be gained from studying and playing Go and to publish the useful results.

Informal Consultation

The Board considers that the donation of £100k to the London Go Centre is a significant transaction and normally we would call an Extraordinary General Meeting to seek Members' approval. However, calling an EGM takes a minimum of 2 weeks (this is a legal requirement laid down in the Companies Act 2006) and we have been asked to provide proof of funds within 10 days. Accordingly, calling a General Meeting to approve such a transaction will cause delay with a significant risk of losing the building.

The Board are therefore minded to go ahead with the donation of £100k to the London Go Centre, but we are launching an informal consultation with members to see if there is serious opposition to the proposed course of action. If you wish to make any representation or comment, please email it as soon as possible, and **in any event by lunchtime on Wednesday September 30**, to board@tmhallfoundation.org.uk. We will set up a web page for such contributions, please let us know if you are happy for us to publish your thoughts, or if you wish them to be kept confidential to the Board.

The Future

If the purchase goes through, and this donation is made, then the Foundation will have £300k effectively locked up in an illiquid investment and £60k to spend on other projects. In such circumstances we believe that a fundamental reassessment of the Foundation's Aims and Objectives will be appropriate, and we will undertake this at a suitable time.

This Statement has been approved by the Directors on 25 September 2020.