

TMH Foundation winding-up – Consultation

London Go Centre (LGC) trustees have prepared this document as a contribution to the process deciding the future of the T Mark Hall Foundation.

Summary

LGC is a charity set up to support and run a centre for Go in London. As a charity LGC can only use its assets to further its charitable objects. LGC trustees have specific legal obligations to the Charity Commission before disposition of assets¹. Property can only be sold if it is replaced. Therefore LGC is a safe home² for the shares and loan notes issued by Mindsports Property Limited to the T Mark Hall Foundation (TMHF).

Additionally LGC will:

- preserve and expand the memory of T Mark Hall (TMH)
- change its Constitution so that existing members of the TMHF will have direct oversight of and the right to elect LGC trustees
- deepen the relationship with the British Go Association (BGA) beyond LGC's existing affiliation to BGA by amending its constitution so that BGA Council may appoint an LGC trustee
- support BGA to bring European events to the UK including the European Go Congress

LGC tournaments and other events are self-financing. More social and club Go will be provided bringing TMH's vision closer to realisation.

LGC is seeking a contingency allocation from the remainder of the TMHF's assets specifically to stabilise the future of the centre.

LGC is willing to oversee delivery of the wider aspects of TMH's wishes if the TMHF membership consider it is the right thing for LGC to do.

¹ <https://www.crippspg.co.uk/charities/disposing-of-charity-land-getting-it-wrong/>

² Ownership of property by LGC provides specific safeguards to ensure that TMH's legacy and intentions are preserved. Trustees of a charity must declare ownership of property to the Charity Commission. Disposal of property requires taking written advice from a qualified surveyor as to valuation and specific permission may be needed unless the money is reinvested in a similar property. <https://www.gov.uk/guidance/charity-land-and-property>

Introduction

After a successful purchase of Salvation Hall (SH) by Mindsports Property Limited (MSPL), the role of the TMHF has been largely fulfilled and it is generally agreed that it should be wound up.

LGC, a Charitable Incorporated Organisation (CIO), is already a shareholder in MSPL and a holder of loan notes issued by MSPL.

The future arrangements for LGC at SH will amplify existing efforts to preserve the memory of TMH. Along with the installation of his library and picture gallery and a tournament held in his memory, his name will be permanently and prominently associated with the new building as one room will be named in his honour.

Matters arising from winding-up TMHF

There are three parts to consider:

- the loan notes issued by MSPL to TMHF
- the shares issued by MSPL to TMHF
- the rump of the legacy

Disposal of loan notes currently held by TMHF

The TMHF has recommended that ownership of the remaining loan notes issued by MSPL be transferred to LGC to ensure its operational financial stability.

Disposal of shares currently held by TMHF

The TMHF has proposed a number of options the future ownership of the shares it owns in MSPL.

Ownership of the shares in MSPL is inextricably linked to LGC's financial stability. If the shares in MSPL currently owned by TMHF were transferred to an organisation that was not a charity or were held by a charity whose objects were not exclusively related to promoting Go, then it is possible that the shares could be disposed of in a way that undermines LGC.

The only circumstances in which LGC could choose not to operate at SH would be:

- if similar or better premises in London became available,
- if it were possible to realise the investment in MSPL, and
- if the Charity Commission were satisfied with the arrangements

If MSPL became unviable for reasons beyond LGC's control and the assets were forcibly realised then LGC would have responsibility to ensure that the best price possible were obtained and the assets redeployed for another property so that LGC can continue.

Accordingly LGC is a natural and safe recipient of the remainder of the shares in MSPL.

Disposal of the residue of assets currently held by TMHF

TMHF will also have a remaining fund of about £70,000. Questions remain about how that should be apportioned or distributed including:

- providing LGC with a contingency reserve related to the stake (via MSPL shares) in SH
- how much for other uses in line with TMH's wishes.

About LGC

The support provided by TMHF 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 themselves or sponsorship specific to those events³.

LGC is able to provide some events free-of-charge to participants and reduced costs (full time students) or free entry (youth) to all Go events.

Not having to worry about factors other than 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 BGA.

³ Nippon Club UK is a long term sponsor of LOGC and ad-hoc sponsor of LGC. Bar Low is supported by a sponsor who prefers to remain anonymous. International Go Associations have donated resources ad-hoc.

These contributions to British Go include:

- **LGC has taken over the London Open Go Congress (LOGC)**, the major tournament in the British calendar and has initiated a mirroring event in late spring: **Not The London Open (NTLO)**. Taking over the LOGC has allowed LGC to turn *a loss to the BGA of over £2,000/year* into something that has enabled us to seed fund NTLO. As a consequence British Go now has an additional major event with each one at LGC supporting a visiting professional
- **LOGC** is now a fixture in the EGF Grand Prix so 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** tournament

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 channel⁴, a resource available to all free-of-charge wherever they live.

We have the capacity, again subject to demand, to provide events specifically for **youth players** such as an annual London Youth Congress at or around Easter and training events for **stronger players**.

All of the foregoing is funded from operational income.

The future

Purchase of SH via MSPL is a wonderful opportunity⁵ but it also comes with a challenge arising from the responsibility to maintain and develop the building.

4 <https://www.youtube.com/c/LondonGoCentre>

5 The new arrangements enable LGC to expand its day-to-day activities bringing them closer to TMH's vision

The need for contingency funding

At the time of writing, the financial viability of MSPL is not clear – it will rely on renting out offices within surplus space on the first floor for which demand is uncertain. It is also unclear what surplus might remain from the initial MSPL fund-raising after immediate repairs are undertaken.

Should there be a need for MSPL to raise further funds to support its investment in SH, bridge players would again shoulder the majority of that burden. LGC trustees consider that an ability to contribute is highly desirable, to maintain both goodwill and the stability of LGC itself.

In the short term LGC would struggle to support further work on SH from its existing cash reserves but in the longer term will seek to address this through charitable fundraising⁶.

Calculation of the value of a contingency reserve is difficult. LGC's best approach is to assume that the situation is analogous to that of a start-up company for which a rule-of-thumb suggests should have a contingency of 10-20%⁷

For LGC that rule-of-thumb suggests a requirement of £40,000 as a reserve which would be held and or invested separately from operational funds⁸. The new financial arrangements will require LGC to have an operational reserve of £7,000 which it can meet from its current operation surplus of just over £9,000.

Given the need to consider provision for wider activities together with the crude nature of the contingency calculation we propose that the residue be apportioned 50% contingency (for LGC reserve) and 50% wider activities (this could be allocated outside the LGC, or within the LGC, should TMHF members prefer, as its objects include wider activities broadly in line with TMH's wishes)

For the same reasons associated with share ownership if a contingency fund is created from the residue of TMHF assets, it should be held by a charity whose objects are exclusively related to the promotion of Go and the natural home is LGC.

6 Boosted by LGC's gift aid status

7 <https://smallbusiness.chron.com/contingency-fund-66446.html>

8 c.f., the funds for the annual David Ward award for best British player competing in the LOGC

A contingency fund would not be used and in any case should not be used for operational support of Go events. It is there as a fallback and would be held and accounted for separately from operational activities.

Consequential of a resource transfer to LGC

Originally LGC was set up with a non-voting structure and its remit is currently executed by four trustees. Following LGC's transformation from a tiny charity to one with substantial assets this model is not suitable nor reasonable going forward. Furthermore, in these circumstances LGC trustees are of the view that LGC should be tied more formally to the BGA.

Accordingly, as an integral part of the transfer of resources by TMHF to LGC, the trustees undertake to implement the following changes:

- 1) Change the current structure of LGC to an Association model⁹ with a voting membership
- 2) Automatically accept applications from existing members of the TMHF
- 3) Replicate existing membership eligibility conditions of the TMHF as modified below:
 - (a) a current member of either BGA or LGC and such membership having been in place for five years continuously
 - (b) save for existing members of TMHF be subject to approval of application by LGC trustees (not to be unreasonably withheld and if so without reason being given)
 - (c) this category of 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 being compliant with 3(a) above
- 4) Investigate a paid 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 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 provision whereby BGA Council can so nominate.

Governance

LGC will continue with open governance in which its day-to-day financial arrangements are visible to anyone on request¹⁰. Annually the trustees must file accounts and a report on activities to the Charity Commission. LGC trustees are liable to legal challenge if they fail to comply or if LGC strays from or fails to discharge its objects. In the future they will also be directly accountable to the membership.

Accordingly LGC trustees consider LGC to be a fit and proper custodian of the TMH legacy.

Financial advantages possessed by LGC

As a registered charity, in return for tighter control on its activities, LGC has advantages over a simple trust. For example LGC is registered with HMRC to participate in Gift Aid¹¹.

This enables all qualifying donations to be supplemented:

- A donation of £100 to LGC becomes £125 after Gift Aid
- For higher-rate taxpayers there are further advantages. Those currently liable to 40% income tax can personally claim back £25.00 (£125 x 20%).

In addition to Gift Aid a registered charity is liable to fewer taxes and benefits from more reliefs.

As we have seen in the recent transfer of funds by TMHF to LGC, companies can reduce Capital Gains Tax (or offset Corporation Tax burden) by making donations to LGC.

Gift Aid makes charities more attractive for companies seeking to demonstrate corporate social responsibility by supporting good causes.

10 In addition to its annual return to the Charity Commission LGC maintains a cash-book online in which there is no minimum granularity of documented expenditure or receipts

11 <https://www.gov.uk/donating-to-charity/gift-aid>

Wider objectives

If one assumes a decision to allocate 50% of the TMHF rump to LGC to provide a reserve in connection with the indirect SH ownership, the question of how to allocate the remaining 50% of the TMHF rump will still need to be decided by TMHF members. There are other objectives of TMHF still to consider and how they might best be discharged.

LGC's written objects in its Constitution allow for spending on wider promotion of Go beyond its current activities, e.g., supporting youth Go in line with TMH's wishes¹².

Accordingly LGC could sensibly care for and deploy the remaining 50% of the TMHF rump funds. The portion of the TMHF residues to be used for these purposes would be held separately and administered and accounted for within the existing arrangements¹³.

Other reasonable homes for this 50% of the TMHF rump would be the BGA or the Castledine Barnes Trust.

LGC and BGA

BGA is the national association for Go in the UK with an international representational role. In particular it is the sole body in the UK with capacity to supply tournament data to the European Go Federation ratings database.

LGC is affiliated to BGA.

Everything LGC does acknowledges the role of BGA as the governing body for Go in the UK, for example by referencing BGA directly in the footer on every page and on every email and indirectly by linking to the website as appropriate rather than seeking to disregard or duplicate the national role. The BGA logo appears at the foot of every tournament certificate.

LGC exists primarily to enable a London Go Centre and its existence is due to TMH's vision and his bequest that has supported LGC activities.

¹² Separately from any existing or planned LGC activity

¹³ As for the David Ward trophy endowment

SH provides a great opportunity for the permanent venue for LGC largely in line with TMH's wishes, albeit that the building is necessarily shared with bridge and other games players. While the bequest was too small to endow a Go-specific building similar to the original London Go Centre of many years ago (which failed due to a revenue shortfall in its budget), it has enabled a sustainable arrangement commensurate with current and foreseeable demand but with the potential to expand further.

LGC is an important national resource due to its scale and activities (e.g. hosting the LOGC, the premier UK event in terms of numbers and international participation). However LGC must and does work closely with BGA.

In addition, LGC generates content (e.g., videos on its YouTube channel) that is available to all. BGA has its own section on LGC's YouTube channel and all the content there has been created with the help of LGC.

The revised LGC Constitution will allow for a member of BGA Council to become a trustee to improve liaison and oversight. Three of the four existing LGC trustees have served on BGA council at various times for several years.

Go in the UK

LGC trustees have been advised that several people feel that LGC is too "London-centric".

LGC trustees' understanding, reinforced only recently¹⁴, is that TMH's central desire was to endow a new centre for Go in London and that proper provision should be made to guarantee its continued existence (hence the request for a contingency reserve equal to about 50% of the TMHF rump).

Given TMH's wish for the centre to be set up in London, then calling LGC too London-centric is to reject his intentions.

¹⁴ Email communication by John Fairbairn to Alex Rix dated 4th February 2021

National events

Another manifestation of “London centrality” seems to imply that Go in the UK is a zero-sum game: there are a fixed number of Go players who only want to attend a fixed number of tournaments in any year.

For example, in 2019 concern was expressed to BGA Council that an LGC tournament would have a negative effect on a tournament held in Swindon (approximately 80 miles away) on the same weekend.

Council discussion was inconclusive however Matt Marsh¹⁵ monitored the outcome.

While a single event cannot be definitive both tournaments were a success with Swindon showing a larger number of entrants than in previous years.

It seems intuitively correct that the greater the geographic distance the lesser the problem¹⁶.

Notwithstanding LGC trustees have shown sensitivity to this issue in the past and will continue to co-operate with others in the future.

LGC trustees, along with others, put considerable effort into expanding interest in playing face-to-face Go. Quantitative analysis is difficult but we note an increasing number of DDKs participating in LGC events. We will continue to try to identify new opportunities.

Similarly LGC trustees put considerable effort into engaging with foreign players. More foreign players participating in British Go is good for everybody.

International events

While it will be financially and operationally easier¹⁷ for international events to be staged at LGC than elsewhere there is nothing to prevent others bidding to hold such events elsewhere. LGC trustees would be pleased and willing to support such events. We have a considerable amount of equipment¹⁸ that could be loaned out to others in such circumstances.

¹⁵ BGA Council member with responsibility for tournaments and their operation

¹⁶ For example, the Gothenburg Open and Berlin Kranish have been on the same weekend for several years

¹⁷ The new agreement for Go at SH includes irregular “bigger” events, e.g., the European Women’s Championship

¹⁸ We have nearly 100 tournament clocks (a mixture of digital and analogue) and a similar number of goban