

Update.

We have to be incorporated by the 24th August to take advantage of the RFU offer, which the club has unanimously voted to pursue, as it benefits the whole club, and this incorporation to the CLG does likewise, reducing liability to members, increasing ability to take advantage of grants and, and moving to a more professional and accountable structure as we grow and begin to service a larger community.

At the committee meeting held on Wednesday 27th June, we agreed that due to the change in the time scale from the RFU, which now needs incorporation by the 24th August, we need to put together a pack of information, setting out the key decision points and any supporting information.

These discussion points were discussed and agreed as the key topics at the meeting

We are keeping the RFU updated on progress, but the timetable that the general committee agreed is below

29.06.2018 Briefing note out to committee Please review discuss with any senior members of sections or colleagues and identify any issues or queries

04.07.2018 Deadline for comment on draft constitution from all Members

by 05.07.2018 If needed meeting of committee to agree any outstanding issues and agree and call SGM

05.07.2018 Final constitution send to solicitors for checking

12.07.2018 Final constitution returns from Solicitors and added to club website

12.07.2018 Briefing pack added to club website

19.07.2018 SGM

24.08.2018 Deadline for incorporation.

Incorporati on decision log	Conclusion / recommendati on	Why	Evidence base considered and sources	Outstanding matters
1. Incorporate yes or no	That we incorporate	It moves us to a position where there is limited liability and we are in a better position to take on loans, grants and have a better more accountable and professional structure. Right now it allows us to take advantage of RFU offer which the club have unanimously voted to pursue	Paid advice from solicitors (Fladgates), matches previous discussions and research at general committee Internet research *Attached as appendix	None
2. Structure	That we become a company limited by Guarantee. There is ongoing work to ensure optimum use of charitable status	Because this is the most flexible approach, and does not limit what we might want to do in the future, and is most suitable for our size and complexity. It is a familiar and established approach to banks and funders, and enables decisions to be made in future about trading arms, or becoming a charity. It is also possible to and simple to move to a charitable incorporated organisation in the future if we need to .	Advice paid for from solicitors (Fladgates). Government guidance on changing type of incorporation from company to CIO is attached on the link below https://www.gov.uk/guidance/legislative-changes-affecting-the-charitable-incorporated-organisation-cio RFU advice http://www.englandrugby.com/governance/legal-and-admin/constitution-guidelines/ Attached as appendix	None
3. Transfer assets	That we transfer assets including land, staff and contracts to	This has to be done to allow incorporation to proceed.	Paid for from solicitors (Fladgates) *See details in appendix	Awaiting next steps from Fladgates

Incorporation decision log	Conclusion / recommendation	Why	Evidence base considered and sources	Outstanding matters
	new company		Advice is the asset transfer is not complex because of ownership of all assets with trustees. They are preparing the next steps.	
4.Capital Gain (now and future)	Not an issue.	There is no impact on capital gain, now or in the future, as long as trustees do not become directors (they are then a connected person)	Paid for advice from HWB accountants and from RFU advice and from Saffreys Champness. Valuation from Simon Dancer See appendix	HWB have advised (as do RFU to send off a confirmation letter to HMRC) which follows the RFU template, and has been done. We are awaiting a response which can take up to a month.
5.VAT	Not an issue. Work still to be done re how we might optimise VAT position in future but no worse off as result of incorporation	There is no impact on VAT	Paid for advice from HWB accountants and from RFU advice and from Russell Moore accountant See appendix	None
6.SDLT	Not an issue	There is no impact on SDLT	Paid for advice from HWB accountants and from RFU advice See appendix	None

Incorporation decision log	Conclusion / recommendation	Why	Evidence base considered and sources	Outstanding matters
7.PLC	<p>Rugby will pay £18975 to replace the charge on land, which will allow charge to be released. Club to work with PLC for optimum wind up.</p> <p>(actual figure may be less than 18975 as some shareholders may be found and decided to pass shares to</p>	<p>The PLC has been dormant for three years and directors looking to wind it up. This enables the RFU project to go ahead as it Allows PLC to release charge Charge can be released very quickly.</p>	<p>Meetings with PLC, club committee and trustees.</p> <p>Club has commissions solicitors to advise on best way to avoid money leaving club.</p> <p>PLC is arranging a bank account with Barclays for any money to go into</p>	<p>Repayment details from club to any sections of money lent to club to follow this pragmatic short term option still to be determined.</p>

Incorporati on decision log	Conclusion / recommendati on	Why	Evidence base considered and sources	Outstanding matters
	trustees)			
8.Rates	There is no impact on rates	The policy that gives us a 100% exemption at present is not limited by our constitutional structure but what we do. The draft constitution is phrased to ensure that all the areas we need are covered – being checked by solicitors.	TVBC rates policy, and new draft constitution	None
9.Sport England	Sport England have released the charge on the land	To allow the RFU project to go ahead	Letter from Sport England. See appendix	None
10.Articles and rules	The circulated and discussed articles and rules are suitable for our initial start and gives us flexibility to change if required.	Following paid for advice from solicitors (fladgates) it has been drafted from the RFU approved template , circulated cross membership for comment and discussed with PLC, Committee and trustees, and amendments made	RFU advice and base documentation Existing rules Paid for advice from Fladgates Comments from membership and committee received and has been checked by Solicitors (fladgates)	None
11.Processes to set up new organisation	Detailed process is due from solicitors. We are asking for this, intention is to have this ready to go into pack on 12 th July.	Advice is that this is not a complex process and actually takes about a day – but need to understand what we actually need to do	Advice coming from solicitors including that the correct indemnification is in place for directors (fladgates)	None

Incorporati on decision log	Conclusion / recommendati on	Why	Evidence base considered and sources	Outstanding matters
12. Cost assessment	Depending upon the cost of the PLC, the additional cost is under £5k which has so far been covered by the rugby section	<p>To enable the progression of the AGP project.</p> <p>Most advice has been paid for by the RFU, but is between professionals and us.</p>	N/A	Awaiting cost of solicitors advice on winding up PLC, but this not expected to raise total cost to over 5k, and expected annual cost
13. Directors	Draft names for directors on draft articles are those that will be sent to companies house for incorporation. Any section or individual which is not happy with this, or needs further information will need to let CW know by 19 th July	Directors are needed, and individuals need to accept the role in the first instance. These initial names can change quickly and easily if required	<p>Draft Articles.</p> <p>It is up to the members to appoint the people they believe will run the company well on their behalf. The only restrictions that prevent anyone becoming a director are: they must not have been disqualified from acting as a company director (unless the court has given them permission to act for a particular company);</p> <p>they must not be an undischarged bankrupt (unless they have been given permission by the court to act for a particular company);</p>	<p>They each need to supply</p> <p>full name</p> <p>usual residential address (not displayed on public record)</p> <p>service address (can be the same as the registered office)</p> <p>country/state of residence (i.e. the country or state where the address is situated)</p> <p>nationality,</p>

Incorporation decision log	Conclusion / recommendation	Why	Evidence base considered and sources	Outstanding matters
			they must not be under the age of 16.	<p>occupation, date of birth and any former names (that have been used for business purposes in the last 20 years).</p> <p>Need to think about talent management to identify and nurture future potential and process of nominations</p>
14.How is resolution going to be sent out	<p>Sent out by Email on 5th.</p> <p>We will put information pack together, including updates on website</p>	To enable people to get as much information as possible in advance of the meeting		None
15.What is resolution we are asking club	<p>The club committee recommends that</p> <p>1)We incorporate – this means that all the clubs</p>	Due to the change in timescale of RFU we need to incorporate by the 24 th August. We are aiming for a SGM on the 19 th July as this gives us enough time to follow up the remaining processes, and some flexibility	We need to take account of the RFU's approved guidance on how to do this in a way which meets legal criteria.	None

Incorporati on decision log	Conclusion / recommendati on	Why	Evidence base considered and sources	Outstanding matters
	<p>existing assets and liabilities, staff and contracts move to a new company</p> <p>2) We chose to become a company limited by Guarantee</p> <p>3) that the draft articles circulated are the right ones to commence as a CLG</p> <p>4) That the process to incorporate is understood and approved</p>			



LAND REGISTRY

COUNTY: Hampshire
DISTRICT: Test Valley
TITLE NO: HP603461
PROPERTY: Land lying to the north of Stoneham Road, Eastleigh
LEASE: LEASE OF THE ABOVE PROPERTY DATED
BETWEEN (1) MARTYN
FRANK LUCAS AND COLON MICHAEL HOWE AS
TRUSTEES OF THE TROJANS CLUB AND (2) THE
RUGBY FOOTBALL UNION

In relation to the RESTRICTION ON TITLE which THE ENGLISH SPORTS COUNCIL (trading as "Sport England") of First Floor, 21 Bloomsbury Street, London WC1B 3HF has registered against the above Title, Sport England HEREBY CONSENTS to the above REGISTRATION of the above LEASE of the above Property registered under the above Title.

SIGNED on behalf of
THE ENGLISH SPORTS COUNCIL


Authorised Signatory

15/05/18
Date

1657/00221771

Solicitors advice from fladgates on recommended model, process and options

TROJANS CLUB POTENTIAL CORPORATE STRUCTURES

1. Trojans Club (**Club**) is an unincorporated community-based amateur multi-sports club run by members for the benefit of members. Two long-standing members of the Club act as its trustees and hold title to the Club's land in their own names.
2. We understand that the Club is seeking to incorporate :
 - in order to benefit from the Rugby Football Union's AGP programme; and
 - for reasons of good governance.
3. We have set out below:
 - a table of different forms of corporate structure potentially available to the Club, together with a summary of the key characteristics of each. The table is not intended to provide an exhaustive treatment of the different structures but rather an overview to assist with your deliberations in choosing the most appropriate structure for the Club;
 - our recommendation as to the most suitable corporate structure for the Club; and
 - an indication of timing for the completion of the incorporation of the Club and the transfer of all assets from the trustees of the unincorporated association to the newly incorporated Club vehicle.
4. Each of the structures listed in the table below has the necessary characteristics of:
 - separate legal personality. Each of them can therefore hold assets, enter into contracts, and sue and be sued; and
 - limited liability for members.
5. This document does not purport to provide advice on tax and the table below does not include any description of the different tax treatments applicable to the different structures.

A. Table

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
Company limited by guarantee (CLG)	Charities, trade associations and not-for-profit companies.	Straightforward – complete the relevant Companies House forms and pay a fee.	Companies House.	<p>Required by law to make public certain information (accounts, details of directors and secretaries, charges etc.).</p> <p>With the recent change in the law, CLGs are required to keep a register of persons with significant control.</p>	<p>Two tier structure: members and directors.</p> <p>Directors are responsible for day-to-day running of the business.</p> <p>Members rights are set out in the Companies Act 2006 (CA) and in the articles of association. As such, members have a number of reserved powers, e.g. the power to dismiss directors and to change the company's constitution.</p>	Subject to the CA, a CLG is allowed to distribute profits to its members provided there is nothing in the articles of association to the contrary.	<p>Admission and retirement of members, as well as whether transfers of membership are permitted, are governed by the articles of association.</p> <p>Model articles provide that membership is not transferable.</p>

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
Company limited by shares (CLS)	Many “for-profit” businesses i.e. those allowing investors to receive a return.	Same as CLGs.	Companies House.	Same as CLGs but a CLS also needs to make available information about its shareholders.	Same as CLGs.	Same as CLGs. Shareholders’ agreements often stipulate	Share issues and share transfers are governed by articles of association and shareholders’ agreements (if any). In addition, there are statutory rights of pre-emption, and formalities that need to be complied with, on new share issues. Such rights of pre-emption may be disapplied either in the articles or by special resolution of members. Model articles do not include pre-emption rights on transfers of

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
							shares.
Community Interest Companies (CIC)	Non-charitable social enterprises.	Same as CLGs but an additional form needs to be filed (setting out community interest).	Companies House and the CIC Regulator. Intended to be “light” regulation (as opposed to the Charity Commission).	Same as CLGs except that a CIC must carry out activities to fulfil its community purpose. Required to file a community interest report to the CIC Regulator each year.	CIC is a limited liability company, so it can be a CLG or a CLS. Please see above for details.	There is a lock on CIC’s assets which restricts the transfer of CIC’s assets and prevents profits from being distributed, other than in limited circumstances. Asset transfers must be at market value or to another CIC or otherwise for the benefit of community (unless more stringent rules are set out in CIC’s	CIC is a limited liability company so it can be a CLG or a CLS. Please see above for details.

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
						<p>articles).</p> <p>Currently, a CIC with a share capital (i.e. if it's a CLS) has a maximum aggregate dividend cap of 35% of distributable profits.</p> <p>If interest is payable on debts and it's linked to CIC's performance, there is also a performance interest cap (currently 20%).</p>	
Co-operative and community	Co-operatives and credit unions, i.e.	Registration with Financial Conduct Authority.	Financial Conduct Authority. Whilst	Similar to CLSs but all information is filed with the	Two tier structure: members and directors. Members have the	A community benefit society may include an	Admission and withdrawal of members is set out in the

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
benefit societies (CCBS) (formerly Industrial and Provident Societies)¹	where a wide membership receives an equal say in the organisation and in the management without a realisable financial interest.		charitable community benefit societies are recognised as exempt charities by HMRC, they are not required to be registered with the Charity Commission.	Financial Conduct Authority, rather than Companies House.	control over the rules of the society and appointments/removal of directors. Directors typically control the assets but their powers and duties are set out in the society's rules.	asset lock in its rules (similar to CIC), unless it has charitable status (in which case it relies on trust law as a general asset lock). Not available for co-operative societies.	society's rules. Shares in CCBSs differ from the shares in companies as they: <ul style="list-style-type: none"> – remain at nominal value; – have limited or no rights to receive returns; – typically have 'one member one vote' regardless of the number of shares held; – shares can be cancelled without any provision for their value;

¹ Please note that co-operative societies are set up to benefit their members, whereas community benefit societies are set up to benefit the community more widely.

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
							<p>and</p> <ul style="list-style-type: none"> – shares can be withdrawn by members. <p>Capital requirements apply. Even transferable shares are not envisaged to be freely transferable.</p> <p>Ability to merge into existing or new society (through resolution of members).</p>
Limited liability partnerships (LLP)	Similar to CLSs but where tax transparency is preferable.	Similar to CLGs.	Companies House.	Similar to CLSs.	Single tier structure – only members. Each LLP must have at least two designated members who have particular administrative	Rights to share in the capital and profits of an LLP are usually governed by an LLP	Admission and retirement of members is usually governed by an LLP agreement (in the absence of which, the

Structure	Typically used for	Registration	Registrar / regulator	Accountability	Role of members and management	Profit distribution / asset locks	Flexibility in membership
					duties (e.g. filings at Companies House, appointment of auditors where appropriate etc.).	agreement.	<p>Limited Liability Partnerships Act 2000 and the Limited Liability Partnerships Regulations 2001 apply).</p> <p>LLP agreements can provide flexible arrangements in respect of transfer or assignment/charge of member's interests in an LLP.</p>

B. Recommendation

Based on how the Club is currently constituted and its not-for-profit objectives, as well as our experience of advising other sports clubs on the incorporation process, we would recommend the company limited by guarantee structure for the Club. CLGs do not require any upfront capital commitment from members and there is no need for shares to be issued and transferred among members. Instead, the members undertake to contribute a predetermined nominal sum to the liabilities of the company, which will only be called upon when the company is being wound up.

CLGs can benefit from a separation of management and ownership and are run by a board of directors which will often be separate from shareholders/members. Directors of a private limited company are not, as a general rule, personally liable for the debts of the company. However, a company's directors may incur liability to the company's creditors or other third parties in certain circumstances, including where fraudulent or wrongful trading has occurred and where directors have otherwise breached their fiduciary duties.

Given the different activities carried on by the Club, it might be worth considering at a later stage incorporating subsidiaries to sit beneath the CLG parent company. For example, the club bar is presumably run as a profit making enterprise and this could be incorporated as a separate company limited by shares with dividends paid up to the parent. The different sporting divisions of the Club (e.g. hockey, rugby etc.) might also benefit from separate wholly-owned subsidiary status.

C. Timeline

CLGs can be formed by (a) incorporating from scratch and tailoring the incorporation documents specifically to the needs of the entity or (b) buying an incorporated but non-trading company (shelf company) and making the necessary amendments to the constitution to meet the user's requirements. We would advise using the former option in this case as there is no particular need for the company to have a history. To incorporate a CLG, the memorandum of association and Form IN01 must be lodged with Companies House with the appropriate fee. A copy of the company's articles of association should be

submitted, unless the company is adopting model articles without amendment, in which case this should be indicated in the Form IN01. The incorporation process can be completed within 48 hours.

We would suggest in the interests of time that the Club looks to incorporate with standard model articles and then amends the articles as necessary at a later date. To the extent that the current Club rules need to be incorporated into the articles at the outset, they could be included as an annex and an article added which provides that only those rules which are compliant with the Companies Act 2006 and the articles are valid. We would recommend, however, that a full review of the Club rules be undertaken as soon as possible thereafter and that a bespoke set of articles properly incorporating those rules be drafted.

The timing of the transfer of the assets of the Club into the newly incorporated company will depend on the number and nature of the assets to be transferred, as well as the complexity of the ownership structure to which the assets are subject. The transfer of the assets of the Club would ideally be documented in a single asset purchase agreement between the Club's trustees and the company with the steps required to effect the transfer of the different assets (e.g. novation of third party contracts (e.g. with suppliers), conveyance of properties and assignment of IP and goodwill) being completed simultaneously with the completion of the agreement. If certain assets of the Club are not held by the trustees, separate agreements will need to be entered into between the relevant owners and the company.

the club is a legal person in its own right and can therefore sue and be sued in its own name

Once incorporated

the liability of the club's members is limited (usually to £1);

club can protect committee members who are directors of a club to third parties and they will only be liable to the club if they personally commit some wrongdoing or if the club continues to trade when it is insolvent

Types of Incorporation

Company Limited by Guarantee CLG

A company is the most common type of corporate structure companies limited by guarantee (which have members), as opposed to companies limited by shares (which have shareholders)

Members of a company limited by guarantee can simply join the company and resign their membership at a later date.

Co-operative Society Co-op

A co-operative is normally used by organisations acting in a co-operative manner

A co-operative must also be "mutual", meaning that any profits of the cooperative are ploughed back into the organisation

Charitable Incorporated Organisation CIO

The CIO is a new corporate structure specifically designed to offer charities the benefits of incorporation.

It provides an alternative to structures such as the CLG and co-operative, neither of which was created with charitable status in mind.

CIOs are registered with and regulated by the Charity Commission but not Companies House, thereby avoiding the dual regulation imposed on charitable companies. CIOs need only file information (such as the annual return) with the Charity Commission

Principal benefits

<p>Company Limited by Guarantee CLG</p> <p>a company is the most common type of corporate structure. It is also the most commonly understood structure. Counterparties (such as trading partners, banks etc) will easily understand a company structure</p> <p>A CLG offers the most flexibility for the club's structure</p> <p>different classes of members (e.g. voting, non-voting or honorary)</p> <p>Important for clubs that are, or have ambitions to be, semi-professional where there may be a need to have a more complicated structure.</p>	<p>Co-operative Society Co-op</p> <p>Procedure for transferring assets is usually simpler.</p>	<p>Charitable Incorporated Organisation CIO</p> <p>CIOs are subject to the accounting and reporting requirements set out in the Charities Act 2011, which is less onerous than the Companies Acts accounting regime</p> <p>Unlike Companies House, the Charity Commission does not currently charge for registration or the filing of information; nor does it levy late filing fees. This may change in the future</p>
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Principal drawbacks

Company Limited by Guarantee CLG	Co-operative Society Co-op	Charitable Incorporated Organisation CIO
<p>Incorporating as a CLG is more complicated than incorporating as a co-operative</p> <p>More documentation is required.</p>	<p>A co-operative is less flexible than a CLG.</p> <p>There can, broadly, be only one class of member (although it is possible to have a form of associate member with no voting rights)</p> <p>While a co-operative is usually cheaper and more straightforward to incorporate, registering as a co-operative is expensive where a club has a more complicated constitutional structure.</p> <p>The Financial Conduct Authority (FCA), which is the registration body for co-operatives, charges significantly more fees if a club makes amendments to the model rules (the standard constitution which the RFU has agreed with the FCA) for rugby clubs.</p>	<p>The legal framework for CIOs is new. As such, it may take some time for clubs and other parties (such as funders and lenders) to understand with the various requirements</p> <p>This may discourage some lenders.</p> <p>Many of the rules governing CIO administration are similar to those that apply to CLGs which are charities. In particular, if the club has significant trading income, such as from a bar or clubhouse, it may need to set up a trading subsidiary to run this operation. This will require increased administration.</p>

Who this is suitable for

Company Limited by Guarantee CLG	Co-operative Society Co-op	Charitable Incorporated Organisation CIO
<p>A CLG can be suitable for any club</p> <p>best structure for:</p> <ul style="list-style-type: none"> • clubs that are, or have ambitions to be, semi-professional; • clubs with more complex trading operations; or • clubs with a large and diverse membership. 	<p>A co-operative is be most suitable for:</p> <ul style="list-style-type: none"> • clubs with a smaller and/or more straightforward membership; or • clubs with more limited resources 	<p>A CIO will be most suitable for a club with access to detailed professional advice</p> <p>new structure, and the law around this is not yet clear, clubs should take their own detailed advice before embarking on this structure.</p> <p>In particular, there are question marks around the ability of CIOs to give security for borrowing, so it may be unsuitable for clubs wishing to obtain loan finance.</p>

OPTION ONCE INCORPORATED

Co-operative and Community Benefit Society	Company Limited By Guarantee	Charitable Incorporated Organisation (CIO)
--------------------------------------------	------------------------------	--------------------------------------------

CASC

CASC

CHARITY

NOT CASC

NOT CASC

can they explain the difference between different liabilities unimported or incorporated

CHARITY

Financial advice

From HWB

Russel Moore

Saffreys Champness

The RFU

From: Alan Rolfe <Alan.Rolfe@hwb-accountants.com>

Sent: Friday, June 22, 2018 5:14:12 PM

To: Campbell

Cc: Arthur R Bell

Subject: RE: Update [ID T1055]

Dear Campbell,

Further to Arthur's e-mail please find a letter with the points from my review.

I am pleased to advise that I am in agreement that there should be no adverse tax effects arising from the incorporation, but further clarification on the "option to tax" will be helpful.

Please do not hesitate to contact me if you have any further queries.

Kind regards,

Alan

Alan Rolfe

Tax Manager

DD 023 8046 1235

T 023 8046 1200

W [www.hwb-
accountants.com](http://www.hwb-accountants.com)

W www.academyvat.co.uk



ARB/ADR/T 1055

22 June 2018

Mr C Williams
Trojans Sport Club
The Trojans Club
Stoneham Lane
Eastleigh
Hampshire
SO50 9HT

Dear Campbell

Tax Issues - Incorporation

Thank you for asking for confirmation regarding the tax issues identified regarding the possible incorporation of the Trojans Sport Club to facilitate funding from the RFU towards the Club's facilities. Please accept my apologies for the time taken to review the position.

VAT Position

The incorporation of the Club should not have any impact on the nature of the supplies subject to VAT or to the recovery of VAT incurred in making those supplies; however, it is important to remember that the company will be a separate legal entity and so requires its own VAT registration.

The existing VAT registration number can be transferred to the new company, if desired for administrative ease, but it may be preferable to keep the two entities separate and request a new VAT number for the company.

The advice seen from Russell Moore implies that the land is currently subject to an "option to tax", meaning that VAT should be charged on any rent or similar land-related supplies, but this is not something that we are aware was in existence.

It will be very important to confirm this and I would be grateful if this could be clarified.

Any "option to tax" election is specific to the entity making the election and so the new company will need to make a fresh election if this is to apply.

Alternatively, if no option to tax is in place then the new company will receive a similar VAT treatment as the Club if it, too, does not opt the land and buildings.

Where an option is in place it is likely to be necessary to ensure the new company makes a similar election, as this allows the transfer of any opted land to pass without a VAT cost. Usually this is by way of a transfer of a going concern (TOGC) if a business is transferred, making the transfer a matter outside the scope of VAT. If TOGC treatment is not available and an option to tax is made by the new company, then any VAT incurred on acquisition of land will be recoverable.

Once the option to tax has been made this will mean that land related income, such as the service charge income, will be liable to VAT at the Standard Rate.

Clearly the current position regarding the option to tax is very important and if you would like assistance in confirming the position with HMRC please let me know, but be aware this route is quite slow and so obtaining other evidence of the position may be preferable.

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Highland House, Mayflower Close, Chandlers Ford, Eastleigh, Hampshire, SO53 4WF

Directors: A Williams FCA AR Bell FCA GP Rhodes FCCA CTA RA Hurst FCA T Jenkins CTA DR Brookes FCA M Johns FCCA GM Brown FCCA
HWB is a trading name of Hopper Williams and Bell Limited, Registered in England and Wales no: 4770023, Registered Office: As above.

I do not foresee any material changes to the VAT position when comparing the new company's position with the existing Club situation, assuming that a consistent VAT position is applied by both the Club and the new company (i.e. both opt to tax or neither do).

Stamp Duty Land Tax (SDLT)

The basic rule with property transactions is that it SDLT is calculated upon the consideration changing hands between the parties to the transaction.

Consideration is measured for these purposes to include the value of any obligations taken on as a result of the transaction, typically mortgage debts and other debts secured on the property in question.

In situations where a transfer of property happens between a person connected with the company and that company the transaction is deemed to take place for consideration equal to the open market value

It is arguable that the new company, being limited by guarantee rather than shares, will not be under the control of the same people as the existing Club, but given the similarity between and obvious connection between the two bodies I would not recommend relying upon this to avoid the SDLT charge.

Where the land is transferred as part of a distribution of assets there is an exception from the SDLT charge, in Section 54(4) Finance Act 2003 as illustrated in the guidance prepared by Farrer & Co LLP, and this will except the land from an SDLT charge on its market value.

Any SDLT liability will therefore be based upon the value of actual cash consideration and any debts passing between Club and the new company in respect of the land.

An SDLT Return is only required where the consideration exceeds £40,000.

Capital Gains Tax (CGT)

Although there may not actually be a capital gain on the transfer of the land once the historic cost of acquisition and capital improvements have been taken into account it would be prudent to seek HMRC clearance under Sections 136 and 139 of the Taxation of Chargeable Gains Act 1992 that reconstruction relief is available, such that no tax is payable.

Strictly speaking this should only be sought where there is a chargeable gain and is not appropriate if the costs exceed the current market value and it may therefore be worthwhile checking as far as possible the history of the property to establish whether this is necessary.

In the event there is any doubt over this, including the risk that the current valuation, which I understand is £475,000, it would still be worthwhile seeking such clearance from HMRC.

If you have any queries or require any further assistance then please do not hesitate to contact either Alan Rolfe in our tax department or me.

Kind regards.

Yours sincerely

A. R. Bell.

Arthur Bell

Alan Rolfe <Alan.Rolfe@hwb-accountants.com>

Tue 26/06/2018, 17:08

You;

Arthur R Bell;

□

Dear Campbell,

Thank you for confirming that the Club has not “opted to tax” the property. This was our understanding of the position, so I was a little surprised to read the VAT advice that implied otherwise.

In practice there should be no significant impact from the absence of an option to tax. It will ensure that the transfer of the property to the new company is not VAT-able.

Whether the new company will see any benefit from opting to tax the property is not certain, as the benefits of VAT recovery on costs may be affected by the need to account for VAT on income. If the rental income cannot be increased to add this VAT then the option to tax is likely to be undesirable.

If the new company does not opt to tax the property then it should be in a similar financial position as the current Club arrangements and so this should not present any disadvantages to the incorporation of the Club.

Please do not hesitate to contact either Arthur or me should you have any further queries on this.

Kind regards,

Alan

Alan Rolfe

Tax Manager

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RUGBY FOOTBALL UNION

Note on Stamp Duty Land Tax in the context of incorporations of rugby clubs as companies limited by guarantee - prepared by Farrer & Co ITD

1. Stamp Duty Land Tax ("SDLT") is charged on the chargeable consideration for any land transfer. Certain reliefs and exceptions apply which mean that in certain cases it is not payable.
2. In many straightforward incorporations SDLT will not be payable. A straightforward incorporation is one where the assets and undertaking of a club are transferred to a new company (specifically set up to carry on the club's business) and there is no chargeable consideration for such transfer. Clubs will need to take advice from their own lawyers or tax advisers as to whether this analysis will be correct in their particular case.

By way of example only, there could be chargeable consideration if the new company assumes debt owed by the club, if debt owed by the club is satisfied or released (such as where the new company pays off an amount owed by the club) or if the transfer is made in satisfaction of a debt owed to the new company. Relevant debt for this purpose includes, but is not limited to, debt secured on the land in question.

3. Our view (supported by advice previously obtained from leading tax counsel) is that, as long as no amount of debt falls to be treated as chargeable consideration for the transfer (see above) and provided that the club makes the transfer as part of a distribution of its assets, an SDLT charge should not arise, on the basis that there would be no chargeable consideration for the transfer and the deemed market value rule would not apply.

4. The strict legal analysis is as follows:

4.1 The transfer of the property will be within the scope of SDLT (Finance Act 2003, Section 42(1)).

4.2 Normal reconstruction relief is not available as it only applies to companies with share capital.

4.3 Absent that relief, the issue is whether the chargeable consideration will be deemed to be the market value of the property under Finance Act 2003, Section 53(1) ("the deemed market value rule").

4.4 Under Section 53(1) the chargeable consideration is deemed to be not less than the market value of the land where the purchaser is a company and:

(1) the vendor is connected with the purchaser; or

(2) some or all of the consideration for the transaction consists of the issue or transfer of shares in the company with which the vendor is connected.

4.5 For the purposes of 53(1) "company" is specifically defined to mean any body corporate (which includes a company limited by guarantee) and in the case of a club incorporating the vendor and purchaser will be respectively the club and the new company. Those parties will be connected by virtue of their same membership, so on the face of it the rule applies.

4.6 However, the deemed market value rule in Section 53(1) is subject to the exceptions specified in Section 54 and for the purposes of the incorporation of a club the relevant exception is:

"(4)... (a) the vendor is a company and the transaction is or is part of a distribution of the assets of that company (whether or not in the connection of its winding up); and

(b) it is not the case that:

(i) the subject matter of the transaction; or

(ii) an interest from which that interest is derived,

has within the period of three years immediately preceding the effective date of the transaction, been the subject of a transaction in respect of which group relief was claimed by the vendor."

4.7 The definition of "company" for the purposes of this exception is that used in Finance Act 2003 Section 100(1) which means any body corporate or unincorporated association. This ensures the club is capable of claiming the exception. Provided that the club makes the transfer as "a distribution of the assets of the company" paragraph (a) of Section 54(4) will be met.

4.8 Paragraph (b) of Section 54(4) is satisfied since an unincorporated association cannot benefit from the relevant group relief provisions.

4.9 As such, we consider that it is clear that where the transferor is an unincorporated association, for the purposes of s.54 of the FA 2003 (as distinct from s.53) it will be treated as a "company" and so take the benefit of the exception to the deemed market value rule.

5. It is of course worth remembering that if the new company is taking on liabilities which would amount to chargeable consideration (most likely a mortgage but see 2 above) then SDLT would be payable if the relevant SDLT threshold is exceeded.

Further advice

This publication is a general summary. It should not replace legal advice tailored to your club's specific circumstances. Please note the importance of seeking legal and tax advice when deciding how best to use the template documents for incorporation.

Saffreys Champness – Specific advice from them to trojans

Trojans Club Artificial Grass Pitch

14 May 2018

Trojans Club Artificial Grass Pitch

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Trojans Club Artificial Grass Pitch

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1. Background

1.1 The Rugby Football Union ('RFU') proposes to install an artificial grass pitch ('AGP') at the ground of Trojans Club ('the Club'). In order to facilitate this, the Club will grant the RFU a 30 year lease over the relevant part of the land owned by the Club (that part being 'the Land').

1.2 The lease will be granted for a peppercorn rent.

1.3 The right for the Club to use the pitch for set number of hours per week will be reserved out of the lease.

1.4 At the end of the lease, the AGP in situ will be retained by the Club. The right to receive the AGP will be consideration for the Club for the grant of the lease.

1.5 The RFU will pay a peppercorn rent and an annual service charge to the Club for repairs, maintenance and the provision of utilities (water etc) for the AGP. We understand that the service charge payable in the first year will be £4,700 and that the amount payable in subsequent years will be agreed between the Club and the RFU at a later date.

1.6 The Club is an unincorporated association, which for tax purposes is treated as a company.

1.7 This note summarises the direct tax and Stamp Duty Land Tax issues for the Club in relation to the lease and the installation of the AGP. It is based on the facts stated above and elsewhere in this note so, if any of these are not correct, we should be notified immediately. It is also based and on the tax legislation and practice at the date of this note, which may change and any such changes may affect the tax position of the Club.

2. Executive summary

2.1 The Club will be subject to corporation tax of up to £874 on the grant of the lease, assuming a valuation of £4,600, although the tax will be reduced by any deductible costs (see 3.1.4 and 4.4 to 4.15).

2.2 We recommend that the Club obtains independent valuations and reviews its historical expenditure in order to finally quantify its tax derived from the grant of the lease (see 4.15 and 4.16).

2.3 The net income from the rent and the annual service charge paid by the RFU in the first year will be subject to corporation tax of up to £893 (see 3.1.5 to 3.1.8 and 5).

2.4 The Club will not be subject to Stamp Duty Land Tax in respect of the lease (see 6)

3. Direct tax

3.1 Liability to corporation tax

3.1.1 As a members' club, it may not be taxable on income derived from its members under the mutual trading principle but will be taxable on other income and gains. However, the installation of the AGP and the related services will not be transactions with the Club's members but with the RFU, which is a third-party, and so the mutual trading rules will not apply.

Trojans Club Artificial Grass Pitch

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3.1.2 The Club will, therefore, be taxable on any profit arising from the AGP transaction with the RFU. If it does not already file tax returns, the Club will need to notify HM Revenue & Customs ('HMRC') of its liability to tax so that it can then file a corporation tax return

3.1.3 As an unincorporated association, the Club will be liable to corporation tax, currently at 19% (the rate applicable from 1 April 2017; see 3.2), on its income and gains.

3.1.4 In section 4, we set out how the capital gain in relation to the AGP would be computed for tax purposes.

3.1.5 Income from property (rent and service charges) will be subject to corporation tax but the taxable income may be reduced by relevant deductible expenses (see 5). Assuming no expenses, tax at 19% (see 3.2.1) on £4,700 (see 1.5) would be £893.

3.1.6 The provision of other services to the RFU (such as facilities management) in addition to those noted in 1.5, depending on the type of the services, may fall to be treated as trading income rather than income from property but will still be subject to corporation tax after deductible expenses (see 5).

3.1.7 If the Club is issued with a notice to file a corporation tax return, the details of the AGP transaction will need to be included in the tax return for the tax year in which the lease is granted.

3.1.8 If the Club does not receive a notice to file a tax return, it must inform HMRC before the end of the tax year, which should be the date to which it prepares its annual accounts, of its need to file a return.

3.1.9 The Club may avoid or reduce its tax by making donations to charities. We can provide further advice on this.

3.2 Rates of corporation tax

3.2.1 The current rate of corporation tax from 1 April 2017 is 19%.

3.2.2 The rate is due to fall to 17% with effect from 1 April 2020.

4. Calculation of the capital gain and taxable income

4.1 The grant of the lease will be treated as a part disposal of the Club's interest in the Land.

4.2 The calculation of the gain will be based on the value of the consideration received from the RFU less the appropriate part of the tax base costs of the Land.

4.3 The value of the consideration will be the residual value of the AGP at the end of the lease.

4.4 Part of the consideration will be treated as income (additional rent) because the lease is for less than 50 years and the balance will be treated as capital.

4.5 A deduction is allowed against that balance for part of the base costs of the Land to arrive at the capital gain.

Trojans Club Artificial Grass Pitch

4.6 An indicative valuation of the consideration due to a typical club under the AGP strategy has been undertaken by Ernst & Young ('EY') on behalf of the RFU. We understand that EY has arrived at a value of £4,600.

4.7 Using that valuation as an example for the Club, the part that will be treated as income would be calculated as follows:

Value of the consideration 4,600

Less: 2% of £4,600 x (N – 1), where N is the number of years of the lease i.e. 2% of £4,600 x 29

(2,668)

Consideration taxed as income £1,932

Amount taxed as capital £2,668

4.8 The income amount will be taxed in full in the year in which the lease is granted. Based on the valuation of £4,600, the tax at 19% (see 3.2.1) on £1,932 would be £367.08.

4.9 The net amount taxed as capital will be calculated using the formula set out in 4.14 below. Assuming no costs and a valuation of £4,600, the tax at 19% (see 3.2.1) on £2,668 would be £506.92, giving a total tax charge of £874 (£367.08, see 4.8, plus £506.92).

4.10 The costs that can be deducted from the capital consideration will be part of the overall base costs of the Land. The costs will be the historic original costs of acquiring the Land plus the costs of any subsequent improvements that are still reflected in the Land.

4.11 Depending on how long the Land has been owned by the Club, the March 1982 value of the Land may be substituted for its pre-March 1982 costs.

4.12 The base costs may be reduced where there have been any previous part disposals or other capital receipts received in respect of the Land.

4.13 Indexation (being an uplift of costs for inflation since the costs were incurred) may be available to increase the base costs of the Land but indexation cannot create or augment a capital loss.

4.14 The capital gain will be calculated as follows:

Consideration treated as capital

2,668

Less: Base cost $\times A/(A+B)$, where A is the amount treated as capital and B is the value of the Land immediately after the grant of the lease

(Dependent on the relevant historical costs of the Club)

Less: Indexation

Trojans Club Artificial Grass Pitch

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Net gain

4.15 We require additional information on the historical costs to compute the Club's potential taxable gain. We suggest that we discuss this with the Club.

4.16 The calculations in 4.7 and 4.14 are based on EY's indicative valuation of the residual value of the AGP at the end of the lease (see 4.6). It is recommended that the Club commissions its own valuation of this in order to quantify the capital and income elements and commissions a valuation of the Land immediately after the grant of the lease to compute the proportion of base costs to deduct against the consideration.

5. Annual service charge and other service income

5.1 The annual service charge income will be taxable as property income.

5.2 Other services will be regarded as either taxable property or trading income depending on the nature of the services. Tax advice should be sought before agreeing to undertake such other services.

5.3 A deduction from the income receivable can be made for any direct costs incurred and a reasonable proportion of indirect costs to arrive at the taxable amount. Any losses incurred by the Club on other activities may also be available to deduct but this should be considered depending on the nature and timing of the losses.

5.4 The Club may not currently be paying tax if its income derives solely from members. This should not affect the tax treatment of the income or gains derived from the AGP. We can advise further on this based on the Club's specific circumstances.

6. Stamp Duty Land Tax ('SDLT')

6.1 The grant of a lease in exchange for consideration of money or money's worth is subject to SDLT.

6.2 The SDLT is payable by the lessee, which in this case is the RFU.

6.3 No SDLT liability falls on the Club as lessor on the grant of the lease.

SDLT is payable where there is an acquisition of an interest in land. The end of the lease will not give rise to an acquisition of land by the Club because the Club will retain its original interest in the Land when it grants the lease to the RFU.

Specific Advice from Russell Moore to Trojans

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18 January 2018

Dear Laura,

VAT-Artificial Grass Pitch (AGP) Installation

Further to our previous correspondence I am writing to advise the club on the VAT matters arising from the proposal for the RFU to install a new AGP on land to be leased to it by the club.

Background

My understanding of the proposal is that the club is to lease land to the RFU for a period of 30 years with the intention that the RFU will fund the installation of, and operate, either directly or via an agent, a new AGP on that land. The lease will be granted by the club for a peppercorn rent.

The RFU will pay an annual service charge to the club in its capacity as landlord. The value of the service charge in the first year of the lease will be £4,700 excluding VAT where payable. The value of the service charge in the second and subsequent years will be agreed between the RFU and the club at a later date.

I am advised that the club will not be entering into the Facilities Management Services Agreement.

The club are required to make available to the RFU two changing rooms for use by the users of the AGP at all times during the period of the lease.

Under the terms of the lease, the club is able to use the new AGP for 12 hours per week. This period of time has been 'reserved out' of the lease for this purpose.

The AGP will be wholly maintained by the RFU who will also resurface the pitch twice in the course of the lease.

Upon cessation of the 30 year lease term, if the AGP has less than five years playing usage remaining the RFU will either make good the AGP to extend its usable life to at least five years, or, pay to the club the monies required for this purpose.

VAT implications on the club

Service charge

My current understanding is that neither the club, nor any entity associated to it, has made a formal VAT election to waive the exemption over the site on or adjacent to where the AGP is to be situated. This is commonly termed as 'opting to tax' and is a formal notification made to HMRC to 'convert' income arising from the land or buildings from being exempt from VAT to liable to VAT at the standard rate.

This being so, the service charge income received by the club in its capacity as landlord of the RFU (see lease agreement Schedule 3) will be exempt from VAT.

As the level of income generated from the service charge each year will be relatively modest at circa £5k, this should not cause the club to suffer any material loss in terms of VAT recovery, if at all.

To explain this further, the level of VAT that the club can recover is determined by the activity to which the cost relates as follows:

-Taxable activity

Where a cost wholly relates to a taxable income (generally social non playing incomes such as bar/catering activity) the VAT on the purchase invoice, termed 'taxable input tax', can be recovered in full.

-Exempt activity

Where a cost wholly relates to an exempt activity (generally playing related incomes such as players' subscriptions or match fees) the VAT on the purchase invoice, termed 'exempt input tax', can only be recovered when it falls below two prescribed de minimis limits as follows:

-no more than £7500 (exempt input tax in the VAT year); and

-no more than 50 per cent of total input tax in that VAT year.

However, some VAT incurred on purchases cannot be said to relate wholly to either a taxable activity or an exempt activity (termed as non-attributable or partially recoverable input tax). This VAT must be apportioned to deem a proportion to be taxable and a proportion to be exempt. This apportionment calculation is normally based upon income values so that if taxable income is say 75 per cent of total income of the club in that year then 75 per cent of this non-attributable input tax is treated as taxable.

This normally works well for most clubs as the largest income is usually bar and catering income which is taxable for VAT purposes. This being so, most clubs will fall below the partial exemption de minimis limits set out above and as a consequence, be able to fully recover all VAT incurred each year.

However, as the service charge to be received by the club under the AGP lease will be exempt from VAT, this will increase the total value of exempt income received by the club each year. This may in turn reduce the ability of the club to recover its exempt input tax. I think this is unlikely to happen as the level of exempt income received from the service charge is relatively small. However, this issue will need to be assessed by the club to ensure a VAT recovery loss does not arise.

This potential issue can be overcome by the club opting to tax its interest in the land (and any related changing rooms building or similar). This is because having opted to tax the relevant land and buildings the service charge will 'convert' from being exempt to being subject to standard rate VAT at 20 per cent. Under the terms of the lease between the club and the RFU (specifically clause 3.4) the RFU are required to pay VAT in addition to the level of service charge agreed between it and the club.

This being so, if there is, or potentially is, a resultant loss of exempt input tax recovery due to the receipt of the service charge my recommendation is that the club formally opt to tax the relevant land and buildings so that VAT is charged by the club to the RFU. The option to tax can be notified to HMRC on line. Should you require any assistance with this matter please do contact me.

It should be noted that once an option to tax is made, the majority of income generated from the opted land or buildings is subject to VAT at the standard rate including any freehold sale. Additionally, once made an option to tax cannot be revoked for a period of 20 years.

Capital Goods Scheme

The Capital Goods Scheme (CGS) is a special VAT accounting scheme that applies to certain construction, extension, refurbishment or civil engineering works where the value of capitalised expenditure is £250k or more.

The CGS requires a club to annually monitor the use of the relevant land or buildings for a period of ten years after the works are completed. This is so that any change in the relationship between taxable and exempt usage of the facility can be addressed via an adjustment being made to the original value of VAT recovered at the time the works were undertaken.

I am not aware, from the information you have provided, that the club, or any entity associated with it, has incurred capital expenditure on building works at the relevant club site during the last ten years. If this is the case, then the provision of the lease to the RFU, nor the receipt of the service charge, will have any retrospective impact upon VAT previously recovered by the club.

If any construction or civil engineering works of this size have been undertaken in the last ten years could you please bring this to my attention and we can discuss how best to address any potential impact upon VAT recovery previously made that may arise.

Similarly, any new works costing £250k or more undertaken during the period of the lease with the RFU will have to be assessed to ensure any risk to VAT recovery is addressed. This is particularly important if the works relate to the provision of the changing

rooms to the RFU for use by AGP users. This potential problem may be overcome by the club opting to tax the relevant land and/or buildings so that the income from the service charge is subject to VAT at the standard rate.

I would strongly recommend that the club take specific professional VAT advice prior to making a decision to opt to tax any land or buildings.

VAT incurred on professional fees and other costs

VAT incurred by the club on professional and other costs related to the arrangements with the RFU for the AGP installation can potentially be recovered by the club.

If the club decide not to opt to tax the relevant land/buildings then the VAT on these costs is wholly attributable to the exempt service charge income and is consequently exempt input tax. The recovery of this VAT will be determined by whether the club is within the partial exemption de minimis limits for the relevant VAT year as explained above. If the club have, or do, opt to tax the relevant land/buildings then the VAT on these costs is taxable input tax and can be wholly recovered by the club on its VAT return in the normal way.

VAT issues arising at end of 30 year lease term

It is of course difficult to advise with any certainty on matters which will arise in 30 years from now when the lease with the RFU will expire. However, under the terms of the lease, the RFU are required to either make good the AGP so that it has a life of at least 5 years remaining at the expiry of the 30 years term, or, make payment to the club to carry out the refurbishment works itself.

It is likely that where a payment of money is made by the RFU this will be treated as a dilapidations payment and be outside the scope of VAT. Alternatively should this payment be deemed to be a consideration for a supply by the club it will be exempt from VAT. If, however, it is deemed to be subject to VAT by HMRC (potentially if an option to tax has previously been made by the club) the terms of the lease enable the club to add VAT to the consideration value agreed so that there is no cost to the club. The recovery of VAT by the club on the refurbishment works will be dependent upon the future use of the AGP at that time.

I hope these comments are helpful and set out the VAT matters arising under the proposed arrangements with the RFU. Should you wish to discuss any aspect of this matter further please do contact me. As previously advised, there is no cost to the club in providing this advice.

Yours sincerely

Russell Moore



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22nd May 2018

Dear Campbell

Thank you for your kind instructions to advise on the open market value of the Trojans Sports Club. I understand the last valuation was carried out by Chesterton in 2003 and valued the club, at that time, at £420,000.

You have advised me that the club is about to enter into a 30 year lease arrangement with the RFU to build and manage a new 3G rugby pitch. The Trojans club will get 12 hours per week with the rest of the time being spread across the community.

The RFU will cover general expenses, and in total this would amount to around £10,000 per annum for maintenance and costs of providing facilities. It would appear, therefore, that there is no material profit to the club with this maintenance arrangement and it is purely to cover costs. It is not defined as rental income.

The only other arrangement that is currently in place is a 99 year lease that therapeutics physio clinic has which is shown on the attached plan.

The club has had little in the way of meaningful maintenance for many years and is in a state of general disrepair although it is maintained to a certain standard by the club generally.

I have carried out an online search with the planning authority, and the property falls within the Test Valley Borough Council area. As far as I can ascertain there are no real development opportunities available to the club although some surrounding land has recently been granted planning consent and is currently being developed. I consider that there is no material prospect within the foreseeable future for any development of the Trojans club notwithstanding the fact that it is a members club in any event.

I attach a plan showing the proposed new rugby pitch and a floor plan generally of the club showing its main facilities.

I would emphasise that in providing my valuation advice, I have not carried out any environmental searches as it is beyond the scope of this advice. This valuation is prepared on the assumption that there are no significant issues relating to contamination or other environmental matters which would impact on value unless otherwise stated in this advice.

I have not carried out a structural survey nor have I inspected those parts of the property that I covered, unexposed or inaccessible, and I am, therefore, unable to report that they are free from risk in this respect.

Market Value

Market value is defined by the Royal Institution of Chartered Surveyors as the amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The arrangement with the RFU is for 30 years and the facilities payment is to cover the cost of maintenance and general expenses.

It is, of course, difficult to be precise in any valuation of this type as this is a members club and there is no development potential. It is just a sports club with several acres of grounds for use by the club.

My opinion is that the club and grounds, as they currently stand, have an open market value of £475,000 (four hundred and seventy-five thousand pounds).

Once the new rugby pitch is in situ I do not think that there will be any material increase in the value as the pitch will be leased by the RFU for 30 years and the reversionary interest is, therefore, considered to be diminus.

I hope that the foregoing is of assistance to you and please do not hesitate to contact me if I can assist further in this respect.

Kind regards

Simon Dancer

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End