

calsa

Collingham and Linton Sports Association
A COMMUNITY AMATEUR SPORTS CLUB - PROVIDING SPORTS SINCE 1888

Changes in 2023



Contents

Contents	2
1 Summary.....	4
1.1 Gym Purchase.....	4
1.2 TLA (Dance) Becoming Part of CALSA.....	4
1.3 New Membership Structure.....	4
1.4 Other Constitution Changes.....	5
2 Purchase of Gymco Limited.....	7
2.1. Background.....	7
2.2 The Current Success.....	7
2.3 The Solution	7
2.4 The Proposal.....	7
2.5 Funding	8
2.6 Dissolution of GymCo Limited.....	8
2.7 Membership Implications	8
2.8 Legal Issues.....	8
2.8.1 Legal Issues - SEIS Implications	8
2.8.2 Legal Issues - CASC Issues	9
2.8.3 Legal Issues - TUPE Implications.....	9
3 CALSA Dance	10
3.1 Background	10
3.1.1 Junior Sporting Activities	10
3.1.2 TLA	10
3.1.3 The TLA Dilemma.....	10
3.1.4 The Solution	10
3.2 The Proposal.....	10
3.2.1 Create a 'CALSA Dance' section	10
3.2.2 Funding	11
3.2.3 Membership Implications	11
4 New Membership Structure	12
4.1 Background	12
4.1.1 History.....	12

Changes in 2023



- 4.1.2 Expansion 12
- 4.1.3 The Licensing Requirements 12
- 4.1.4 The CASC Requirement 12
- 4.2 The Proposal..... 13
 - 4.2.1 Formalise the Existing De-facto Situation..... 13
 - 4.2.2 Junior Members..... 13
 - 4.2.3 Senior Members 13
 - 4.2.4 Parents of Juniors 14
- 4.3 The Implementation 14
 - 4.3.1 Constitutional Changes 14
 - 4.3.2 Financial Implications 14
 - 4.3.3 Transitional Arrangements 15
 - 4.3.4 Benefits 15
- 4.4 The End Result..... 16
- 5 Efficiency and Governance Issues..... 17
 - 5.1 Quorum increase 17
 - 5.2 Voting Rules..... 17
 - 5.3 Increase in Financial Limits 17

1 Summary

1.1 Gym Purchase

In 2019, the membership of CALSA and its constituent sections agreed to build an extension to the clubhouse. This extension included a gym. To take debt risk away from CALSA, the gym was privately funded by a number of members creating a company – Gymco Limited – which signed an agreement with CALSA to rent the gym part of CALSA for 10 years.

What is being proposed now was originally planned to take place in 2025 but the option of saving over £20k a year in VAT payments has led to this change in strategy.

Subject to this strategy being approved via the constitution changes, a series of things will happen

- CALSA will pay shareholders £150k (the amount they invested) to purchase the shares of Gymco Limited.
- CALSA will borrow 50% of the funds necessary for the buying of GymCo Limited.
- The gym will become a fifth sporting section of CALSA.

1.2 TLA (Dance) Becoming Part of CALSA

CALSA has lots of juniors but not many of them are female.

TLA provides tuition in dance, acrobatics and the performing arts. Most (but certainly not all) of the attendees are juniors and female.

TLA is now based at CALSA and intends to become a ‘not-for-profit’ organisation within the next few months.

CALSA is a Community Amateur Sports Club – a CASC.

As a not-for-profit organisation, CALSA is:

- Not liable to charge VAT on membership fees.
- Entitled to apply for grants from many sources.

If TLA restructured itself as a section of CALSA - CALSA Dance – then it would:

- Break even or generate a positive income stream.
- More readily access grants offered to “Not For Profit” organisations.

CALSA would significantly increase the number of its female members.

Local families would have even more reasons to become part of CALSA.

1.3 New Membership Structure

Collingham and Linton Sports Association (CALSA) formulated and accepted its first constitution in 1977. At that time it had only a cricket section and a football section.

Changes in 2023



CALSA is, in 2023, proposing increasing from four to six sections.

There are, now, in these sections, over 1,000 members; juniors and seniors, players, officials, parents and sponsors. The membership categories have expanded and vary from section to section.

The CALSA Clubhouse is not a public house. It is a private members club.

CALSA is a Community Amateur Sports Club – a CASC. This is a type of organisation defined by His Majesty's Revenue and Customs (HMRC). As such, it receives various financial benefits such as relief from a large percentage of its business rates, exemption from corporation tax on parts of its income, etc.

The intention of this proposal is not to change the status quo but to formalise it in a way that enables the association to more easily satisfy its licensing and CASC obligations.

The intention is to have a very simple structure with only four options:

- Junior participating
- Junior non-participating
- Senior participating
- Senior non-participating

All junior members of any of the sections of CALSA will be deemed to be a member of CALSA. Whether they are a 'participating member' will depend on how often they play; as the HMRC definition varies depending on the 'sport'.

The proposed junior member's subscription for 2023 is £0.

The proposed senior member's subscription for 2023 is £12.

All adult individuals wishing to use the facilities of CALSA will need to be a member of CALSA and to have paid their annual CALSA subscription. Senior playing members of the sporting sections fall into this category as do patrons, junior team managers, section committee members, etc.

Each parent of junior members of CALSA will be entitled to become members of CALSA themselves, and so entitled to use the CALSA facilities, if they pay their annual CALSA membership subscription. If they choose not to become CALSA members then they will not be able to utilise the CALSA facilities, nor to vote at CALSA general meetings.

1.4 Other Constitution Changes

There are various changes being proposed. These can be broken down into the following categories:

- Changes to reflect purchase of the Gym
- Changes to reflect addition of TLA
- Changes to reflect more sections
- Changes to reflect more members

Changes in 2023

- Changes to make better governance
- Updates to reflect larger association and larger budgets.
- Other minor changes

Those summarised below are included to make better governance and to reflect a larger association. The others are effectively a function of the gym and dance becoming sections of the association.

- A larger quorum for General Meetings.
- Altered rules for voting on resolutions and special resolutions.
- Increased expenditure and borrowing limits.

2 Purchase of Gymco Limited

2.1. Background

In 2019, the membership of CALSA and its constituent sections agreed to build an extension on the clubhouse. In this extension was located a fourth squash court, a gym and a multi-function room.

Most members probably assume that the gym is formally part of CALSA; like the four sporting sections:

- Cricket
- Football
- Hockey
- Squash and Racketball

Technically, however, this is not the position. This section outlines how it is proposed to make the gym become part of CALSA.

In 2019 there was nervousness about CALSA taking on a large amount of debt to fund the extension.

To address this nervousness a separate entity was created; Gymco Ltd. This limited company was established with funds from individuals and, not being part of CALSA, no potential liability rested with CALSA.

Legal agreements were put in place to cover the relationship with CALSA such as rent and management charges. There was also an option for CALSA to buy GymCo Limited's shares for the same price that the original investors paid.

2.2 The Current Success

The extension project has been a successful venture with the fourth squash court and the function room generating additional income for CALSA.

The gym has exceeded even the most optimistic of the projections presented back in 2019.

This means that the gym, Gymco Limited, otherwise known as One Gym Collingham, is now paying VAT on its membership income which significantly exceeds any VAT reclaimable on its costs.

2.3 The Solution

CALSA is a Community Amateur Sports Club – a CASC.

As such it is not liable to charge VAT on membership fees.

Now is, therefore, the time to absorb Gymco Limited into CALSA.

2.4 The Proposal

Buy out all of the shareholders of Gymco Limited; paying a total of £150,000 to acquire 100% of the shareholding.

Changes in 2023



2.5 Funding

Approximately half of the funding will come from the same individuals who originally funded the establishment of Gymco Limited. They will lend to CALSA the money in return for Promissory Notes of the form used in 2019 for much of the funding of the extension.

The balance of the funding will come from cash reserves held within CALSA.

Source	Amount
CALSA cash reserves	£75,000
New promissory notes	£75,000
Total	£150,000

A cash flow forecast has been prepared which shows all existing debt will be repaid by its original proposed date of December 2024.

The new Promissory notes will have two-year life with an option to repay early and a 5% interest rate. A cash flow forecast has been prepared which shows this is realistic.

2.6 Dissolution of GymCo Limited

After its acquisition, the limited company will be dissolved and all its assets and liabilities absorbed into CALSA.

2.7 Membership Implications

CALSA is a Community Amateur Sports Club – a CASC. In order to retain the many benefits which follow from this status, CALSA must abide by the rules detailed by His Majesty's Revenue and Customs – HMRC

The most relevant of these is the need for a consistency of membership rules, benefits and responsibilities across all sections. If the gym is to be a 'section' then its members must become members of CALSA in the same way that members of the existing four sections are members.

2.8 Legal Issues

2.8.1 Legal Issues - SEIS Implications

As part of setting up GymCo Limited, it was registered as a Seed Enterprise Investment Scheme (SEIS).

Various restrictions apply to a company which is SEIS registered. The most significant of these relates to any sale of shares. These restrictions will need to be taken into account in any purchase of shares by CALSA; ensuring that no purchase is in contravention of these rules. The timing of the purchase of each shareholder's shares will need to be phased to ensure this is done.

2.8.2 Legal Issues - CASC Issues

The regulations relating to Community Amateur Sports Clubs (CASCs) give such clubs many benefits over limited companies or other forms of organisation. These include favourable treatment in relation to corporation tax and reduced business rates. VAT treatment is also impacted by the 'not for profit' element of CASC status.

However, the regulations are prescriptive in terms of the way a CASC has to be structured; especially one which has multiple sporting sections and is, therefore, an 'association'. The most relevant of these in the current situation is the need for parity of rights across members of all sections.

The proposal will be to modify the constitution to include the CASC definitions of 'participating member' and to modify the ongoing accounts keep the necessary records to reflect this income split.

2.8.3 Legal Issues - TUPE Implications

The legislation pertaining to the 'Transfer of Undertakings Protection of Employees' (TUPE) will apply to one employee of GymCo Limited; Louise Taylor.

The implications of this are that, when her contract of employment is transferred to CALSA, her conditions of service will need to remain unchanged.

3 CALSA Dance

3.1 Background

3.1.1 Junior Sporting Activities

There are flourishing junior sections within the football section, the cricket section and the squash & racketball section.

However, although all sections encourage participation from both boys and girls, the majority of the current juniors playing are boys.

3.1.2 TLA

In 2020 the Tonicha Lawrence Academy (TLA) started renting space from CALSA to provide dance, acrobatics and performing arts classes.

The majority of the junior attendees are female.

3.1.3 The TLA Dilemma

Although TLA is busy, popular and providing tuition to lots of young people, their ability to provide the necessary services in the long is better served by a different business model.

As a limited company it is precluded from obtaining grants from its governing bodies; Acrobatic Arts (UK) and EMD UK. Other sources of grant finance are also excluded.

Without grants to support it, revenues are insufficient to enable it to survive without serious increases in fees.

3.1.4 The Solution

CALSA is a Community Amateur Sports Club – a CASC. As such it is not liable to charge VAT on membership fees – subject to ‘Sport supplies that are VAT exempt (VAT Notice 701/45)’.

CALSA is a ‘not for profit’ organisation which entitles it to apply for grants from many sources.

If TLA restructured itself as a section of CALSA - CALSA Dance – then it would break even or generate a positive income stream.

CALSA would significantly increase the number of its female members.

Local families would have even more reasons to become part of CALSA.

3.2 The Proposal

3.2.1 Create a ‘CALSA Dance’ section

The activities currently undertaken under the umbrella of the limited company will be restructured so as to be the responsibility of the new ‘not-for-profit’ entity.

Necessary documentation will be created to ensure this new section is compatible with CALSA governance requirements.

e.g.

Changes in 2023



- Constitution
- Child Protection Policy
- Fit and Proper Persons Declarations

3.2.2 Funding

No funding is involved in this proposal.

3.2.3 Membership Implications

CALSA is a Community Amateur Sports Club – a CASC. In order to retain the many benefits which follow from this status, CALSA must abide by the rules detailed by His Majesty's Revenue and Customs – HMRC

The most relevant of these is the need for a consistency of membership rules, benefits and responsibilities across all sections. If 'CALSA Dance' is to be a 'section' then its members must become members of CALSA in the same way that members of the existing sections are members.

4 New Membership Structure

4.1 Background

4.1.1 History

The cricket section of CALSA has been in existence since 1888.

Collingham and Linton Sports Association (CALSA) formulated and accepted its first constitution in 1977. At that time it had only a cricket section and a football section.

There have been nine revisions to the constitution since that first version.

The association, in 2022, is considering increasing from four to six sections. There are, now, in these sections, over 1,000 'members'; juniors and seniors, players, officials, parents and sponsors. The membership categories have expanded and vary from section to section.

CALSA also has 'social members' some of whom use the facilities regularly and help to add atmosphere to the club. The current membership structure precludes these individuals from involvement in determining the direction of the association as they are not voting members.

4.1.2 Expansion

The extension project in 2019 was a catalyst for growth. There are now two new 'sections' operating inside the clubhouse; the 'gym' and 'TLA'.

There are also more activities which could lead to further groups moving towards incorporation into CALSA; table tennis, tennis, etc.

To cope with the current expansion of CALSA and any future expansion; this is a proposal to establish a simple set of membership categories.

4.1.3 The Licensing Requirements

The CALSA Clubhouse is not a public house.

It is a private members club.

Whilst there are dispensations for visiting teams and for guests, the basic position is that CALSA should only serve alcohol to members and their guests.

4.1.4 The CASC Requirement

CALSA is a Community Amateur Sports Club – a CASC. This is a type of organisation defined by His Majesty's Revenue and Customs (HMRC).

As such, it receives various financial benefits such as relief from a large percentage of its business rates, exemption from corporation tax on parts of its income, etc.

With these benefits come some rules and regulations that CALSA must follow. If these are not followed, then HMRC could withdraw the CASC designation – with significant financial implications.

One overriding requirement is:

Changes in 2023



- A club should only provide the ordinary benefits of an amateur sports club for members and their guests. To clarify; the sale or supply of food or drink must be a social benefit which arises incidentally from the sporting purposes of the club. (Clause 2.11 of the HMRC 'guidance')

The most critical requirements relate to participating members:

- Participating members must form more than 50% of the overall membership.
- Income from the participating members must be more than 50% of total income.
- Total income from non-participating members must be less than a specified amount; currently £50,000 p.a.

Our membership structure and record-keeping must ensure that we satisfy these requirements and can provide evidence to prove this.

4.2 The Proposal

4.2.1 Formalise the Existing De-facto Situation

The intention of this proposal is not to change the status quo but to formalise it in a way that enables the association to more easily satisfy its licensing and CASC obligations.

The intention is to have a very simple structure:

- Junior participating
- Junior non-participating
- Senior participating
- Senior non-participating

4.2.2 Junior Members

All junior members of any of the sections of CALSA will be deemed to be a member of CALSA.

The proposed junior member's subscription for 2022-2023 is £0.

Whether they are a 'participating member' will depend on how often they play; as the HMRC definition varies depending on the 'sport'.

4.2.3 Senior Members

All adult individuals wishing to use the facilities of CALSA will need to be a member of CALSA and to have paid their annual CALSA subscription.

Senior playing members of the sporting sections fall into this category as do junior team managers, section committee members, etc.

The proposed subscription for 2022-2023 is £12.

Changes in 2023



4.2.4 Parents of Juniors

Each parent of junior members of CALSA will be entitled to become members of CALSA themselves, and so entitled to use the CALSA facilities, if they pay their annual CALSA membership subscription.

If they choose not to become CALSA members then they will not be able to utilise the CALSA facilities, nor to vote at CALSA general meetings.

Each of the sporting sections can define, in its own constitution, the rights and 'internal section voting' status of these 'non-participating' parents of its junior members.

4.3 The Implementation

4.3.1 Constitutional Changes

The constitution has been revised nine times since it was first adopted.

However, this would be the most fundamental change as it makes membership of CALSA the pre-requisite for membership of a constituent sporting section.

Whilst undertaking this major revision it also seems to be the appropriate time to review the rest of the document:

e.g.

- Despite its importance to CALSA there is no reference to the HMRC's definition of a CASC.
- The growth in numbers of sections and of numbers of members suggests that various historical numbers ought to be revised; such as the number of members of the management committee and the quorum for general meetings.
- The increase in turnover in the last few years has been significant. The financial restrictions in the constitution have not been updated for over 20 years and are now causing unnecessary delays to ongoing activities and should be adjusted upwards.

4.3.2 Financial Implications

This proposal is to mirror existing financial arrangements to avoid any short-term detrimental changes to the finances of either CALSA or its sections.

e.g. 1

Gym currently pays £27,000 in a combination of rent and management charge.

It has, say, 400 senior members.

$400 \times £12 = £4,800$

The 'rent' in addition to this would continue at £27,000.

e.g. 2

Cricket currently pays no combination of rent and management charge.

It has, say, 100 senior members.

$100 \times £12 = £1,200$

Changes in 2023



CALSA would, for an interim period, provide a £1,200 subsidy towards the costs of ground maintenance work undertaken.
Net effect nil.

In the longer term it ought to be possible to determine an equitable basis for each section to pay for the use of facilities. Due to the disparate nature of the sports played by the sections they each utilise CALSA facilities in different ways:

- The Squash and Racketball section play on the indoor courts using energy to both heat and light the courts. They also utilise the changing rooms with shower facilities.
- The Cricket section operates seasonally and uses the outdoor facilities which need to be maintained. They also use the changing rooms and shower facilities.
- The Hockey section uses the changing room facilities.
- The Football section uses the outdoor facilities.
- The Gym 'section' uses significant energy.
- The Dance 'section' uses the function room, with its associated running costs.

The proposal is that an exercise is undertaken to apportion significant overhead costs to each section. After this, an annual agreement can be reached between the CALSA management committee and each of the section committees to determine the contribution from each section; taking into account both the apportioned figure and the section's ability to pay.

4.3.3 Transitional Arrangements

Eventually, the situation will be easy to administer. Every CALSA senior member will be asked to pay the annual membership by direct debit on or before 1st September each year.

There are, however, many and varied anomalies which will mean that this scenario may take a while to implement.

e.g.

- Members of multiple sections
- Current 'life members' of a sporting section
- Family or joint memberships
- Current 'social' members
- Current 'affiliated sections' and their members; bridge club, investment club, tennis club, etc.

The intention is to formulate a plan to address each of these with a target date of September 2023 to resolve them all.

4.3.4 Benefits

The benefits of moving to the proposed membership structure are:

- Removal of the ambiguity as to who is entitled to vote at general meetings – senior members of CALSA.
- An authoritative list of the CALSA membership.

Changes in 2023

- A pathway for the growth of sections and of CALSA. Potential sections can see what is expected in terms of paying a CALSA subscription.
- This is a structure similar to other CASC sports associations.
- This enables simpler reporting to HMRC to demonstrate compliance with CASC rules.
- This provides obvious compliance with the Licensing Act 2003 (Premises Licences and Club Premises Certificates) Regulations 2005.

4.4 The End Result

Following the proposed changes there will be only four options for CALSA membership:

- Junior participating
- Junior non-participating
- Senior participating
- Senior non-participating

Category	Definition	Comments
Junior	< 18 years old	Must be a member of a sporting section Can be a 'participating member' or a 'non-participating member' Cannot vote at CALSA general meetings
Senior	18+ years old Has paid CALSA membership subscription	Can be a 'participating member' or a 'non-participating member' Can vote at CALSA general meetings Can purchase alcohol at the club
Participating	HMRC define this for each sport based on frequency of activities	Must be, for at least one sporting section, a player, official or other function as defined by HMRC E.g. Junior team coaches, drivers, etc.
Non-participating	HMRC define this for each sport based on frequency of activities	e.g. Sponsors, patrons, parents of juniors, infrequent participants

5 Efficiency and Governance Issues

5.1 Quorum increase

The quorum for all General Meetings of CALSA is 25 senior members.

5.2 Voting Rules

Normal resolutions at AGMs and EGMs require the approval of a majority of the votes cast. The total votes cast must represent no less than 10% of the senior members of CALSA.

Special resolutions such as constitutional changes require a three-quarters majority of those voting at the General Meeting of the Association called to consider the changes. The votes in favour must represent no less than 10% of the senior members of CALSA.

5.3 Increase in Financial Limits

The constituent sections must provide annual budgets to be approved by the Management Committee. These budgets must include the proposed timing and financing of any capital expenditure of over £5,000.

The following spending limits apply to expenditure on individual items, whether the money is from CALSA's funds or from the funds of a constituent section:

- Less than £1,000 can be spent without reference to CALSA as long as the section has sufficient funds in its bank account.
- Over £1,000 but less than £5,001 requires the prior approval of the CALSA Treasurer, unless this item was within the approved budget and there is sufficient funds available in the relevant section's bank account.
- Above £5,000 but less than £25,001 requires the prior approval of the Management Committee.
- Above £25,000 requires prior approval at a General Meeting of CALSA. (In the event of an emergency, this clause will not apply and any expenditure deemed essential will be made provided that it has the approval of all voting members of the Management Committee).

CALSA has the following limits on its authority to borrow money to finance individual items of expenditure:

- Up to £25,000 requires the approval of the Management Committee.
- Above £25,000 requires the approval of a General Meeting of CALSA. (In the event of an emergency, this clause will not apply and any borrowing deemed essential will be undertaken provided that it has the approval of all voting members of the Management Committee).