

1. Terms

the AMC/the Club: Anabasis Mountaineering Club
the BMC: British Mountaineering Council
the RC: Rucksack Club
the Hut: AMC's leased property, Garth Farm, Capel Curig
Conwy CC: Conwy County Council

2. Background

The AMC, based in Liverpool, was founded in 1961, to encourage participation in the sport of mountaineering. In 1962, the AMC acquired tenancy of a disused cattle shed at Garth Farm near Capel Curig, North Wales, for use as a Hut. This was the Club's base from then on.

At its Annual General Meeting on 25th January 2021 (Appendix 3, p. 7), the Members voted in favour of the dissolution of the AMC. The Club was by no means in a critical state when the decision to dissolve was made. The financial position was sound (see 3), Membership was increasing and good use of the Hut was being made by the Veterans in Sefton (ViS) charity.

Three factors led to the Members' decision.

2.1 Notification from the farmer landlord, Thomas Jones, at Garth, in October 2020, that he wanted to end the AMC's lease of the Hut. The farm was dependent in part on its campsite and lettings of other properties and cessation of income from these sources due to the lockdown brought about by the COVID-19 Pandemic pushed its finances into a critical state. The landlord believed he would be able to maximise income from the Hut through more lucrative markets, possibly as a holiday let.

2.2 The vulnerability of the AMC on losing the Hut tenancy stems from a trend, over time, whereby its principal business had become less and less about encouraging participation in the sport of mountaineering (its stated purpose in its Memorandum and Articles) and more and more about managing the Hut. A lot of resources – time and money – had been invested in improving the Hut. The core activity of the Club – the Meet – became less well supported and use of the Hut by Members declined. It became necessary to let the Hut to outside groups to maintain the AMC's finances. All this reflected changes that affect all Climbing Clubs, where readily available information and access to personal transport means that there is a trend towards individualism and away from the spirit of community that created the AMC originally. There was, therefore, a sense in which the Club had become the Hut, along with the important social relationships between Members, but not a lot more.

2.3 The AMC negotiated an Agreement with the Rucksack Club, which, like the Anabasis was, is affiliated to the national representative body, the BMC (Appendix 1). The RC was founded in 1902 and had, on the date of the Agreement, over 450 members. It owns 3 Huts. It is a Co-operative, existing to serve its Members. On the basis of the Agreement, the AMC Members asked the Committee to pay for their Membership of the RC, for which each individual had to apply to be elected as a RC Member. In effect, a 'dowry' was paid for every Member of the AMC. The dowry comprised 2 years Membership (£60 per year) and the deposit for a key (£15), a total of £135 for each person. The AMC paid the RC £10,395, that being the number of AMC Members qualifying (77) multiplied by £135. One Honorary Member incurred no charge. The net cost was £9,750 because there was no payment for 4 who chose not to transfer. Further savings of £105 were made because reduced fees apply to younger Members (aged under 25 the annual fee is £25 not £60) and to foreign-based Members (the fee is £40). Use of the £645 saved is dealt with in paragraph 7.1.2.

Appendices

1. RC/AMC Agreement
2. Chairman's Statement on above
3. Annual General Meeting, 25.01.21
4. Committee Meeting, 03.02.21
5. Tax

2.4 An overwhelming majority of Members voted for the adoption of the Agreement with the RC, along with the dissolution of the AMC, at the AGM (Appendix 3). Alternatives, which were to dispense with the Agreement and just dissolve the Club, or to continue without a Hut and perhaps look for another one, were not supported. The Chairman (Dave Appleton) had recommended a vote in favour of the Agreement (Appendix 2, p.7). The date of the Club AGM (25.01.2021) is the effective date of implementation of the Agreement, the RC Members having already voted for it at their AGM.

3. Finances

At the beginning of 2021, the AMC had the sum of £13,253.95 in its bank account (see 10, p.5). This amount includes membership fees due in 2020 but paid late. A total of £3,253.95 of the AMC's own funds had accumulated over time from Member subscriptions, donations and fundraising. The remaining £10,000 was from a Covid Interruption Grant received from Conwy County Council in July 2020. The Grant was awarded to compensate Club Members for having no access to the Garth Hut for the majority of 2020 (included in their Membership fee), being unable to let the Hut to outside groups, and to cover the cost of adjustments needed, as a result of COVID-19 lockdown restrictions.

4. Principles

The AMC identified 3 key principles to guide its approach to dissolution, principles that were in line with its Members' values, its Memorandum and Articles, and with the character of the AMC.

a. We are a Member Club

The AMC is run by its Members. The Members elect a Committee to run the Club on its behalf, but key decisions are made by the Members themselves. This happens by:

- The establishment of parameters by way of the AMC's Memorandum and Articles
- The Members being asked to make decisions within those parameters
- An elected Committee implementing those decisions on behalf of the Members

b. Being the Best That We Be

This is essentially about being proportionate. Only in an exceptional situation would it be proportionate for the AMC to pay for professional advice given the Club's limited funds and our assessment that potential liabilities are also limited. We have a range of knowledge, skills and expertise among our Membership, but as part of the dissolution process, we sought the opinion of others with qualifications and experience in the not-for-profit sector and in accountancy. They were:

- Someone with extensive experience working as a consultant for a range of not-for-profit, Small Medium Enterprises (SMEs) and statutory organisations.^{1 2}
- Someone who runs a successful fund-raising consultancy and serves as a Charity Trustee.²
- Two other people who are qualified Accountants.

c. Legacy

- The AMC sees the dissolution process as requiring it to consider its legacy, much as would a person before the end of their life. This means the AMC first of all meeting any liabilities, such as in relation to the Agreement reached with RC (see 7) and in leaving the Hut. The AMC took

the opportunity to donate surplus funds to organisations whose purposes are complementary to the Club's (7.1).

- The AMC was aware of the importance of the Anabasis in the lives of many of its Members and attention was given to 'souvenirs'. An artwork featuring the Hut was privately commissioned and Members were able to order limited edition prints at reduced cost. Greetings cards were made from another hand-painted image of the Hut. The only expenditures extending beyond the termination of the Hut lease (30.06.2021) was on 12 months extension of website hosting, ending 13 March 2022, and the costs of a framed artwork print gifted to the Jones family and of a photograph to be hung at the RC Hut, Beudy Mawr, Nant Peris. The website extension enabled the hosting of photographs and scans of newsletters and Hut Books, which could be downloaded by Members. It also gave the AMC a contactable presence for a period after it has ceased to exist as an organisational entity. Website content was preserved by its transfer to an archive on the RC website.

5. Veterans in Sefton

Veterans in Sefton (ViS) is a Charity based in Sefton, Merseyside, which provides support for military veterans in job search, housing, welfare benefits and in their emotional and physical well-being. It is funded by way of a number of grants, principally a substantial Big Lottery Reaching Communities Fund Grant awarded in 2019. The cost of individual Veterans' membership of the AMC was borne by the Charity. The Club's Hut was used many times as a base for the important therapeutic work undertaken by the Charity. ViS has also undertaken voluntary work on behalf of the AMC.

6. The Rucksack Club (RC)

6.1 The original Agreement (Appendix 1, 2(v)) provided for the election to the RC of people joining the AMC after March 2020, but not for paying their Membership fee and key deposit. The Club Committee (03.02.2021, Appendix 4), however, decided to fund these people on the same basis as people who were paid-up Members before March 2020, making a total of 78 who qualified and 77 who were funded (see 2.3 above). The single Honorary Member (George Murphy) died shortly after implementation of the Agreement and was nil cost.

6.1.1 RC Members reaching the age of 70 and with 5 years continuous membership are entitled to pay a reduced Membership fee of £40. At its Committee Meeting on 21st February 2022, the RC decided that years as an AMC Member would count towards the 5 years.

6.2 A total of 73 people completed the Registration of their RC Membership, finalized by their signing up to RC rules and completing a post-dated Direct Debit mandate. Of 4 AMC Members opting not to take up membership of the RC, 2 were foreign-based.

6.3 In the implementation of the Agreement with the RC, the AMC paid for 2 years RC Membership (and key deposit) for Veterans in Sefton (ViS) Veterans, 12 transferring under the terms of the Agreement. ('Veterans' in this context means the ViS Charity's Beneficiaries). In effect, this is a Gift to ViS with a value of £1620. It has this value because the AMC met RC Membership costs for the Veterans that would otherwise have been met from ViS Charitable Funds, as AMC Membership costs had been met before the dissolution of the Club.

7. Disposal of Cash Assets

7.1 After meeting the costs of the transfer of Members to the RC, there was £3503.95 (see 10) which the AMC was free to use as its Members chose, subject to the parameters laid down in the Memorandum

and Articles (Appendix 3). Members were invited to vote from a choice of 4 charities whose work was seen as complementary to the Club's purpose:

- The Farming Communities Network which provides support to farming families.
- The Calvert Trust which supports disabled children in accessing the outdoors and whose premises the AMC has used on several occasions.
- The Snowdonia Society, a conservation charity.
- The Search and Rescue Dogs Association Wales (SARDA-W).

7.1.1 SARDA-W received 80% of the Members' support. A donation of £2,000 has been made. The balance remaining after meeting all costs (£181.51) was donated to the second-placed Charity, the Calvert Trust. The Account was closed on 31st March 2022.

7.1.2 By agreement between the two Clubs, £645, being the difference between full and actual cost of implementation of the Agreement with the RC (2.3), was donated on behalf of the AMC to ViS. (see 5).

7.2 The £9750 of the £10,000 Covid Disruption Grant from Conwy CC was set against funding the transfer of Members to the RC under the terms of the Agreement. The money funded the purchase of 2 years of RC Membership, and key deposits, for the AMC Members, compensating them for their loss of access to the Hut for the majority of 2020 and for future years. The loss of the Hut arose from the COVID-19 pandemic lockdown and this led to the AMC's dissolution. Setting the Grant money against the RC costs, and thereby giving the Members access to its 3 Huts, is in line with the purposes for which the Grant was awarded. The AMC Secretary confirmed the Club's intentions with Conwy CC, and received verbal confirmation from them that this complies with the Grant purpose and that the Grant is non-refundable despite the dissolution of the AMC² This is because the dissolution of the Club was not known and could not have been foreseen at the time the application was made and the Grant awarded. Notification from the landlord about the Hut was not received until October 2020, the Grant being awarded in July 2020.

8. Disposal of physical assets

The AMC's physical assets were at its Hut in Snowdonia. No attempt was made to profit from sale of these assets which were predominantly low-value items. Two Memorial Benches were left on site. The unused Gas was given to a Club Member who is an agent for the supplier. It was agreed that if any income was gained from disposal of physical assets, it would be donated to Veterans in Sefton. One generator was gifted to ViS, one to SARDA-W, one to a community allotment. Members were invited to make a claim for items of personal value to them. Items not required by the AMC, by agreement with the landlord, were left for him to use or dispose of. Members were not asked to return their Hut keys, the Landlord being advised to change the lock.

9. Tax (see Appendix 5)

9.1 The AMC is satisfied that the use of the Conwy CC Grant and some of its own funds to implement the Agreement and purchase Membership of the RC on behalf of its Members does not constitute a Trade and therefore no tax liability arises. The value of the Membership (£120 plus £15 key deposit) spread over a 2-year period is a gift to Members and may create a tax liability on them. The Members have been advised accordingly (e-mail, 19.04.2021).

9.2 The AMC is satisfied that its donations to Charity constitute a Gift in tax law and therefore no tax liability arises.

9.3 The AMC gained no income from disposal of its physical assets and therefore no tax liability arises.

10. Final Account (31.03.2021)

Anabasis Mountaineering Club: Final Account			
Opening balance 31.12.2020	-	-	13,138.95
Membership fees 2020 (late payments)	115		13,253.95
Rucksack Club as per Agreement	-	9,750	3,503.95
HostPapa website renewal 12 months		126.44	3,377.51
Donation to KIND (re G. Murphy)	-	200	3,177.51
Hut Warden's expenses		155	3,022.51
Donation to SARDA-W		2,000.00	1,022.51
Donation to Veterans in Sefton		645.00	377.51
Scanning Newsletters /DA/DevaPrint)		36	341.51
Framed Photo for Beudy Mawr		80	261.51
Pam Carter painting for Jones family at Garth Farm		80	181.51
Donation to Calvert Trust		181.51	0.00

¹ Both these persons have experience as Charity Chief Executives.

² Mr England, Non-Domestic Rates Department, Conwy CC telephone, 25.01.2021, recorded by the Secretary:

'As long as we met the criteria for the grant on 20th March 2020 then there would be no reason for it to be asked back. (The only criteria being we were the occupiers of the hut on that date). He stated the Council considered it a non-returnable grant for any purpose. I discussed with him our position and (he) thought using the funds for a merger would be ok to allow continued use of a hut following the loss of ours'.

Appendix 1 (in this Appendix, Club = the Rucksack Club not the AMC)

Agreement between The Rucksack Club Ltd and the Anabasis Mountaineering Club

Dated:

1. The Rucksack Club agrees to elect all current members of the Anabasis MC as full members of the Rucksack Club w.e.f. 1st January 2021 subject to:

- (i) Each individual completing a form in which they provide the necessary information to be included in the Handbook [home address, telephone number[s] and email address], indicate in which Rucksack publications they are happy to appear, they assent to following The Rucksack Club's rules when involved in its activities and they complete a Direct Debit mandate which takes effect on 1st March 2023 to cover that and subsequent years' membership subscription.
- (ii) The Anabasis MC paying the 2021 and 2022 Rucksack Club membership subscriptions of all transferring Anabasis membership at the Rucksack Club's current rates within fourteen days of this agreement being finalised.
- (iii) The Anabasis MC paying the £15 deposit for each Rucksack Club hut key sent out to transferring members.

2. Sections 1 (i) to (iii) above being satisfied The Rucksack Club will:

- (i) Accord all transferring Anabasis members all the same rights and privileges as existing Rucksack Members inter alia the right to use and book the Club's three huts and access the Wayfarers Langdale property (subject to their rules), hire a key from the Club which opens all four huts, invite guests to the three Club huts, have access subject to their rules to the huts of kindred clubs, participate in any and all - subject to numbers and booking where that is an issue – the Club's programmed Meets, receive the quarterly emailed newsletter Meetstaff, an annual Journal and the Club Handbook
- (ii) Enrol all transferring UK resident Anabasis members with the BMC as Rucksack Club Members in 2021 and 2022 and subsequently where Club membership is maintained.
- (iii) Maintain the status of any Anabasis honorary members post transfer according them Rucksack Club Honorary membership.
- (iv) Integrate the Anabasis Meets programme into its own retaining Anabasis as a tag for those events which otherwise follow its normal processes.
- (v) Recognise those individuals who currently are not Anabasis members but who are to be elected at its January 2021 AGM as current members but for whom 1(ii) above may not apply – treating them therefore otherwise in the same matter as normal full Rucksack Club member recruits.
- (vi) Seek to maintain following discussion the links and co-operation with the Sefton Veterans and Mountain Rescue volunteers.

Signed Rucksack Club President:

Date:

Anabasis MC President:

Date:

Notes:

- (a) The Rucksack Club invites two existing Anabasis members to be nominated to join the Rucksack Club Committee in order help guide and promote the integration of the two merging groups
- (b) When Rucksack Club officer positions emerge or fall vacant the Committee will seek to recruit from the group of transferring Anabasis members.
- (c) The quarterly Meetstaff is an important vehicle for welcoming and including erstwhile Club members to and in RC activities. The Rucksack Club invites the further nomination of an Club member to liaise with its Editor in order to promote the group of new RC members' Club history and signature activities.
- (d) The RC Website similarly should be deployed to that same end. It is managed at a number of levels. One member, for example hunts up interesting items from old Rucksack Journals and they are re-published on the website. There is an opportunity for a similar reflection of Anabasis history. The only thing we don't allow is use for commercial purposes.
- (e) The website and circular emails are the main vehicles for relaying news and messages between Meetstaff editions. There is a Facebook group on which members leave messages about climbing activities principally, and to which many beyond Club members have access
- (f) Hut keys are issued individually to full Rucksack Club members (i.e. not Associate Members). They are numbered and accompanied by a note detailing what is expected of hut users. They will only be issued after 1(i) is in place. They are regarded as rented not owned and to be returned when membership is terminated. The charge for a key is both to cover the cost of production and postage and ensure some care is taken to safeguard them. A replacement will cost £15.

- (g) The Rucksack Club membership year is the calendar year January – December. Direct Debit payments are collected on 1st. March.
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Appendix 2: Chairman’s Statement and Recommendation (prior to AGM)

- Conceding the Club Hut at Garth is obviously a big challenge to the Club
 - Need to consider the needs and requirements of those who have been a member of the club for years, and those who have joined recently – two quite distinct reasons for membership
 - Approached the Rucksack Club because they have a strong, active membership, similar values and traditions, and good resources
 - Interactions and response from the Rucksack Club re. the merger has been extremely positive, and they are keen to accommodate us and share in our history and activities
 - They are happy for the Anabasis to continue as a group within the Club
 - The Anabasis has never existed as a formal or legal entity and is simply an informal group of friends organised around a common interest
 - All members of the Anabasis can join the Rucksack Club, and still continue to meet as the Anabasis in the same way they do now
 - There is no need for the Club to ‘dissolve’, or ‘formally’ recruit members
 - People can join the Anabasis, and it is up to them if they choose to join the BMC
 - They will not have the benefits of the Rucksack Club unless they join too
 - We have this grant from Conwy Council given to us to help with loss and damages incurred as a consequence of the pandemic
 - It needs to be spent accordingly, or returned to the council, or paid to the BMC or another Club
 - Therefore, we are able to spend this grant on securing membership to the Rucksack Club for two years for all existing or pending members BEFORE the AGM
 - The Anabasis should retain its original funds held prior to the pandemic to use as usual and arrange meets etc.
 - We should vote on the merger at the AGM to be active immediately – the Rucksack Club have been very proactive and accommodating, and we should refrain from delaying or frustrating them
 - Likewise, there is no downside to merging immediately – we will still have access to Garth until June, as well as all the Rucksack Club benefits, and members won’t be paying BMC fees twice.
 - Also worth considering that I won’t be here from February onwards, and won’t be heavily involved in developments throughout January prior to starting RM training, so it is maybe more appropriate that I take a step back from the fine tuning of decision making now that progress is underway.
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Appendix 3

Minutes of the Annual General Meeting held on 25th January 2021

(No minutes were taken at the Meeting so this is as good as record as is possible in the circumstances. Due to Covid restrictions, the Meeting was held virtually, on line, using the Zoom facility. Because of the difficulties arising from conducting business in this way, votes were made by e-mail ahead of the Meeting. Voting ahead of the Meeting, and the numbers ‘attending’ by Zoom, made the Meeting Quorate. Post-COVID legislation accepts the legitimacy of virtual meetings providing they are quorate and decisions are supported by the majority of those attending).

1. Committee Report

The Committee Report, containing the Chairman's, Hut Warden's and Treasurer's Statements, was received and approved, with thanks. The outgoing Committee Members were thanked for their work during the year.

2. The Future of the Anabasis Mountaineering Club

Vote of the membership on the decision for the Anabasis Mountaineering Club (AMC) to:

- a. Cease to have a separate existence and to integrate the AMC Membership into that of the Rucksack Club (RC).
- b. Continue as an informal group without the Club hut. The AMC may adopt a framework whereby meets are arranged on an ad hoc basis at external venues, and membership is priced only at the cost of BMC membership.
- c. Cease to exist altogether and to begin the process of dissolution under the management of the committee.

By the time of the Meeting, votes in favour of Option 2a numbered over half of the AMC's Membership and there were no votes in favour of 2b or 2c.

The AMC therefore voted to dissolve the Club and to implement the Agreement with the RC.

3. The Meeting voted to amend Clause 17 of the Memorandum and Articles to read as follows:

.....the net assets shall be transferred to:

The British Mountaineering Council (the Governing Body) for use by them in support of their objectives, OR

To a Member Club of that Body, OR

To a not-for-profit organisation promoting mountaineering and related activities, OR

To a Registered Charity whose Purpose complements that of the AMC.

(The Amendment was necessary because the existing Clause included a not relevant reference to Community Amateur Sports AMC status).

4. The Committee

Despite the decision to dissolve the AMC, it was understood that a Committee would need to be in place to manage the implementation of the Agreement, the disposal of the Club's assets, and the termination of the lease of the Hut. The Meeting elected the following:

Chair: Dave Atkinson

Secretary: Mike Morgan

Treasurer: Dave Barton

Hut Warden: Clive Lane

Ordinary Committee Members: Joyce Dillon, Phil Sorrel, Esther Threlfall, Chris Alston

Joyce and Phil were elected to fill 2 vacancies on the RC Committee.

Dave Appleton, standing down as Chair, was thanked for his work in what had been a challenging year.

The Meeting authorised the Committee to act to implement the Agreement with the RC on behalf of the AMC Members.

The Meeting authorised the Committee to seek the views of Members as to disposing of its assets, subject to:

- Compliance with the conditions as stated in the amended Clause 17 of the AMC Memorandum and Articles
- All existing liabilities being met and potential liabilities allowed for, and monies remaining are donated, the Members' views to be sought about donating to the following 4 Charities:
 - Veterans in Sefton
 - The Calvert Trust
 - The Snowdonia Society
 - The Farm Community Network



Chair, 27th June 2021

Appendix 4

Anabasis Mountaineering Club

Committee Meeting, February 3rd 2021

Present: Dave Atkinson (Chair), Clive Lane (Hut Warden), Dave Barton (Treasurer), Phil Sorrell, Joyce Dillon (all attendances were via Facebook).

1. Minutes of previous Meeting

None

2. George Murphy

The Meeting began with a minute's silence in memory of George, who passed away earlier in the day.

3. Rucksack Club representatives

Joyce and Phil were thanked for their attendance at a Rucksack Club meeting and they reported positively on the experience. Intelligence from the RC suggests they made a fine impression

4. Agreement with the Rucksack Club

Dave updated the Committee on progress with implementing the Agreement. A Schedule of 66* names to be transferred had been identified as eligible for full rights under the Agreement. These people are elected to Membership of the RC and have 2 years fees and keys deposit paid for by the AMC. In accord with the Agreement as understood by the AMC and RC, another 11 people are elected to the RC and will pay their own fees and key deposit.

The Committee understood that the AGM had conferred on it the authority to make changes to the Agreement, providing these were agreeable to the RC.

The Committee decided that AMC would fund all 77 people with full rights, paying the membership fees and key deposits for them all. This decision was taken on the basis that:

- it simplified the process
- it avoided what may be seen as arbitrary distinctions being made between eligible and non-eligible
- the AMC could afford it and this was legitimate expenditure under the terms of the Conwy CC Covid Interruption Grant.

It is understood that the RC will issue Registration and Direct Debit forms to all 77 people and that the RC require these to be returned by 14th February.

The RC is open to suggestions as to how this is used and Clive suggested we ask that it be used to support the work of Sefton Veterans. The matter was left open for now, an immediate decision not being required, but in the absence of other suggestions this is what we shall do.

Dave undertook to advise the RC accordingly by confirming the 77 names and making arrangements for the payment.

DA

* This number does not include George Murphy, who, as an Honorary Member would incur no charge, making total number 67 plus 11=78.

5. Ongoing Anabasis MC

It was understood that the implementation of the Agreement with the RC makes the AMC a Club without Members. It was recognized that we do need to maintain some kind of presence until 30th June 2021, when the lease at Garth expires.

It was decided that we would maintain a 'rump' Anabasis until that date to handle remaining contingencies. This is less complicated than creating a new, successor body. Chief among remaining contingencies is the Hut, and Clive said he would only need £150 to cover costs, not the £1000 nominally earmarked against this.

Clive will produce an inventory to circulate to Members so that they can request items. Some items, such as the Peter Llowarch Memorial Hut slate, will require a decision after wider consultation.

CL

Phil said Sefton Veterans will provide assistance as required.

PS

The Club holds a balance of approximately £2800 after the cost of the Agreement with the RC. It was decided that this should be held against any future liabilities before things are finally wound up at the beginning of July. The Members' choices about supporting Charities may come into play at that stage.

6. Date of Next Meeting

No date agreed but probably early March. The Meeting concluded with Dave thanking everybody for their part in moving things forward so that we are able to implement the Agreement.

Appendix 5: Tax

1. Corporation Tax

Corporation Tax is payable on:

- trading profits arising from services to non-Members
- investments
- profits from sale of assets for more than they cost to acquire

As an Unincorporated Association, the AMC could fall within the scope of Corporation Tax.

1.1 Historically, the AMC has never paid tax. The activity of the Club which could be taxable is Trading profits. The small surplus made most years does not constitute a profit. The only AMC activity that was potentially taxable trading was the letting of the Hut to outside groups (see 2.5 below). Any surplus was reinvested, to pay for the costs of maintaining the Hut, so the Club did not make a profit from the Trade and on that basis was not liable for tax.

1.2 The award of a £10,000 grant by Conwy Council was an amount equivalent to 3-4 times the AMC's income in a typical year. It is tax exempt.

2. Disposal of the AMC's assets on Dissolution.

2.1 The AMC sought the opinion of a Qualified Accountant. On this basis, the Club understands that none of its actions to dispose of its assets on dissolution constitute a Trade and therefore no tax liability arises.

2.2. Donations to Charity are a Gift in tax law, not a Trade, and therefore no tax liability arises.

2.2.1 The Club sought written confirmation from recipients that donations would be used in pursuit of the Charity's Charitable Purpose.

2.2.2 As a non-taxpayer, the Club did not apply for Gift Aid on its donations to Charity.

2.3 The AMC sought an opinion as to whether the receipt of the Conwy CC Grant could create a tax liability. A Committee Meeting Minute (14.07.2020) notes what is recorded as the 'advice' of an accountant that the Grant would not attract any tax liability providing it was 'spent by Club on Club'. This is because it would be treated not as a 'Trade' but as a transaction between Members arising from their mutual association. At this stage, the Club was considering spending the money on Covid-related measures at the Hut.

2.4 The payment of money to cover the cost of RC Membership was a dissolution payment by the Club to the RC whose objectives match those of the AMC, and was therefore in accordance with the Club's Memorandum and Articles (Appendix 3, item 3). In being made for the specified purpose of purchasing RC Membership for Club Members, it was in effect a gift from the AMC to its Members. The money was paid after all the AMC members had been elected as Members of the RC. Therefore, the payment of membership fees was an internal transaction between the RC and its Members arising from their mutual association and as such does not create a tax liability.

2.5 Mutual Trading is an area of tax case law based on the principle that a person cannot trade with him/herself, so that no tax liability arises on Trade that is defined as 'Mutual'. For example, letting the Hut to the AMC's own Members was a Mutual Trade and therefore protected from liability for tax by

that status. Letting to external groups was a transaction with an outside body, and therefore not a Mutual Trade, and potentially taxable.

2.5.1 The Committee considered the possibility that Mutual Trading should be a prior consideration in determining the disposal of its assets on dissolution. The AMC now understands that none of the actions taken in disposing of its assets constitute a 'Trade', and consequently the question of whether the disposal of assets falls within or outside the protection provided by Mutual Trading is not relevant.

3. Benchmarking

A benchmark for the AMC's assessment of its liabilities is found in looking at the Rucksack Club. In 2020, the RC's turnover was seven-and-half times that of the AMC. It owns its 3 Huts. It was in receipt of 3 Grants equivalent to the one the AMC received from the Conwy CC. In 2012 the RC was in receipt of a letter from HMRC stating that HMRC will 'not need to ask for a Corporation Tax Return for 5 years.'