



Sidmouth Cricket, Tennis and Croquet Club

Policy on Annual Donation of Surplus Funds

Wholly Owned Subsidiaries of Sidmouth Cricket, Tennis and Croquet Club

1. Purpose

This Policy establishes the requirement and mechanism by which all wholly owned trading or non-trading subsidiaries of Sidmouth Cricket, Tennis and Croquet Club (the “Charity”) transfer their distributable profits and/or surplus funds to the Charity at the end of each financial year in a tax-efficient manner, thereby supporting the Charity’s charitable purposes.

2. Scope

This Policy applies to:

- All companies wholly owned (directly or indirectly) by the Charity
- Any future subsidiaries established or acquired by the Charity
- Directors, officers, and finance personnel of such subsidiaries

3. Policy Statement

Each wholly owned subsidiary shall:

1. Operate for the primary purpose of generating funds and/or supporting activities that advance the Charity’s objects.
2. Transfer all distributable profits or net earnings to the Charity at the end of each financial year.
3. Structure such transfers in a tax-efficient and lawful manner, including but not limited to charitable donations, Gift Aid payments, or other legally permitted mechanisms to eliminate or minimise corporation/income tax liabilities on profits.
4. Retain only such working capital or reserves as are necessary for prudent operations and approved by the subsidiary’s board and the Charity.

4. Definitions

- Distributable Profits / Net Earnings: Profit after allowable expenses and adjustments in accordance with applicable accounting standards and law, available for lawful distribution.
- Donation Mechanism: A legally recognised method of transferring funds to the Charity, including charitable donations, Gift Aid, dividend, or similar tax-efficient payment.
- Financial Year: The accounting period adopted by the subsidiary.

5. Operational Requirements

5.1 Annual Profit Transfer

At the end of each financial year:

- The subsidiary shall calculate distributable profits.

Sidmouth Cricket, Tennis & Croquet Club, The Fortfield, Sidmouth, Devon, EX10 8NT
Charity Number: 1212094



- The board shall approve a donation or payment equal to 100% of those profits (less approved reserves, if any).
- The payment shall be made within 2 months following year-end or earlier where required to secure tax relief. The Charity reserves the right to request interim payments during the financial year.

5.2 Tax Efficiency

Subsidiaries shall:

- Use available charitable tax reliefs or exemptions
- Structure payments to reduce taxable profits where permitted
- Obtain professional tax advice to ensure compliance
- Avoid arrangements that could be construed as tax avoidance or non-compliant

5.3 Working Capital and Reserves

Subsidiaries may retain funds only for:

- Operational liquidity
- Regulatory or contractual requirements
- Approved capital expenditure
- Risk management reserves

Such retention must:

- Be documented
- Be justified annually
- Be approved by both the subsidiary board and the Charity

5.4 Timing

Payments should be made:

- Before statutory tax filing deadlines where required to secure deductions/relief
- In accordance with applicable charity and tax law

6. Governance

6.1 Board Responsibilities

Subsidiary directors shall:

- Act in the best interests of the subsidiary while recognising its purpose to benefit the Charity
- Approve annual donations
- Ensure compliance with legal and fiduciary duties
- Maintain proper accounting records



6.2 Charity Oversight

The Charity shall:

- Appoint or approve subsidiary directors
- Review annual financial statements
- Approve reserve policies
- Monitor compliance with this Policy

7. Compliance

All transfers must comply with:

- Charity law
- Company law
- Tax law
- Accounting standards
- Any regulator or governing body requirements

Failure to comply may result in:

- Corrective action
- Review of directors' responsibilities
- Amendments to governance structures

8. Documentation

Each year the subsidiary shall maintain:

- Board minutes approving the payment
- Calculation of distributable profits
- Tax treatment documentation
- Proof of payment to the Charity

9. Review

This Policy shall be reviewed annually or when:

- Laws or regulations change
- Corporate structure changes
- Tax guidance changes

10. Effective Date

This Policy is effective from 1st January 2026 and applies to the financial year commencing 1st January 2026.



Approved by:

Board of Trustees – Sidmouth Cricket, Tennis and Croquet Club

Board of Directors – Fortfield Bar & Catering Ltd

Board of Directors – Fortfield Events Limited

Signature:

Name: Saj Patidar

Date: 31st March 2026

Board of Directors – Fortfield Bar & Catering Ltd

Signature:

Name:

Date:

Board of Directors – Fortfield Events Ltd

Signature:

Name:

Date: