



ARMY SPORT SPONSORSHIP DIRECTIVE

**FOX LINES
ALDERSHOT**

**Version 7
Dated Apr 22**

BACKGROUND

1. Sponsorship¹ for Army sport is a recognised and regulated activity. Participation in authorised sports² is defined as core activity and as such, attracts some public funding but, limitations will apply in cash terms. Sponsorship provides a non-public funding stream and enables the wide range of sporting opportunities undertaken by the Army to flourish. This Directive sets out the direction for the management of Army sport sponsorship and applies to all staff, military and civilian, involved in the delivery of sport in the Army.

NON-PUBLIC FUNDING STREAMS

2. Army Sports Associations and Unions, and more recently Corps and Regimental HQs, receive an annual operating grant of non-public funds from the Army Sport Control Board Charitable Fund (ASCB CF), and also have access to a variety of military Welfare Funds such as the Army Central Fund (ACF), the Nuffield Trust (NT) and the Army Welfare Grants Committee (AWGC). The procedures for applying for Welfare Funds are contained in ACSO 3206³. In addition, some grants are available from the Berlin Infantry Brigade Memorial Trust Fund (BIBMTF)⁴. None of these sources are categorised as sponsorship and are not considered further.

AIM

3. The aim of this Directive is to provide direction and guidance to Army Sports officials⁵ on the regulation and management of sports sponsorship in the Army in order to ensure compliance with the law and all military regulations.

SPONSORSHIP POLICY AND DEFINITIONS

4. Sponsorship is a contract between a business organisation and the relevant sport (or sports) wherein there is mutual benefit to all parties involved; it is a value-exchange process. Policy⁶ states that *'the MOD must at all times deal with external organisations in a fair, equitable, open and transparent way, allowing no opportunity for, or perception of, undue influence to be exerted by the external organisation in the decision-making process of the MOD'*.

5. The benefits to a sport are clear; sponsorship can be used to help fund the purchase of kit and equipment, to support approved overseas visits or fixtures against civilian teams. The benefits to sponsors can be summarised as:

- a. Raising profile and brand awareness.
- b. Demonstrating their links to, and partnership with, a trusted, respected and highly valued institution with a strong ethos and values.
- c. Their involvement being seen as support to the Army and thus delivery of an element of the military covenant.
- d. The fostering of relationships to support and enable the whole force concept (for those in defence industry who form the vast majority of current sponsors).

1. Defined in JSP 462 Ch 7 as 'the payment of a sum of money, or the giving of a 'benefit in kind', by an organisation in return for the rights to be associated with an activity, event, team or item.

2. As defined in JSP 660 Sport in the Armed Forces, Chapter 2, Annex A.

3. 1st Revise dated Mar 2018.

4. 2017DIN10-006.

5. Within this context 'Army Sports officials' include those serving on committees of Army Sports Associations and Unions and those military and civilian staffs employed in Corps and Regimental HQs involved in the delivery of sport in the Army.

6. JSP 462, Parts 1 and 2 Version 7.0 dated Mar 19, 'Financial Management Policy Manual', Chapter 7 'Sponsorship' and Chapter 14 'Regularity and Propriety in Public Expenditure'.

6. Under the ASCB Charter⁷ the Trustees are authorised to generate non-public funds through civilian sponsorship. In addition, the ASCB's Financial Framework⁸ states that the ASCB is to "Ensure Commercial Sponsorship follows MOD policy in JSP 462 (Chapter 7)". In this key area of financial propriety, the ASCB takes its advice from Army Commercial Branch and Army TLB Finance Governance. Sports officials should note the following existing policy that applies to this area:

a. **The Bribery Act 2010** came into force on 1 July 2011. Sports Association officials should be aware that the Bribery Act 2010 underpins Service rules and regulations on behaviour relating to sponsorship. The new Act updated legislation on this subject. The Act is focused on bribery, which is not necessarily just a gift of money, but is an action where a person promises to or gives a financial or other advantage which is designed to induce any party to perform a function improperly. The Act applies to all businesses (including the operations of the ASCB and its Sports Associations & Unions), therefore any sponsorship dealings must be compliant with the Act. Improper use of sponsorship may contravene the Act for which Sports Association officials could become liable.

b. **Hospitality at Sporting Events.** Business entertaining and hospitality between industry and MOD officials is permissible under the UK Bribery Act and regulated within MoD Policy on Sponsorship in JSP 462. Military personnel who have an official appointment associated with the delivery/management of the sport are allowed to accept offers of hospitality at sporting and charitable events providing they comply with a 'code' and rules. And in certain circumstances, the MOD authorises the use of public funds to allow senior officers to attend sporting events where sponsors are present⁹. Army policy is set out in ACSO 6101 on 'Responding to Offers of Gifts, Rewards and Hospitality and the Management of Hospitality Books'¹⁰ provided specific examples of what hospitality could be accepted at Army sports events. In addition, DCGS recently wrote to the Army¹¹ to remind them of the existing policy. All should be reminded that no MOD business should be discussed at sporting events except where relating to the delivery of sports within the Army. In considering whether or not to accept such an invitation, personnel should:

(1) Be aware of the current policy for the acceptance of gifts or hospitality. The policy principles that apply¹² are clear and an individual must always apply the test set out in the Civil Service Code:

(2) Must not accept gifts or hospitality or receive benefits from anyone which might reasonably be seen to compromise your personal judgement or integrity.

(3) Record acceptance in the recognised manner with an entry in their organisation's Hospitality Book/Register.

(4) Understand when they are being invited in their official appointment or as a private individual. In the latter case, their attendance is deemed off-duty and thus there is no entitlement to travel or subsistence at public expense. Further advice is available from the ASCB.

c. **Acceptance of Gifts.** Gifts to the MOD arising from sponsorship arrangements where the gift is not linked to the support of the sponsored activity are to be brought to the attention of the relevant TLB D Res, who will consider the propriety of accepting the gift and any financial consequences which could arise from accepting the gift.

7. AGAI Vol 1 Chap 5 Annex E.

8. ASCB Financial Framework Ver 1 dated Sep 12.

9. The reissued policy on acceptance of hospitality provides some examples of what hospitality can be accepted- Army Command Standing Order 6101 – Responding to Offers of Gifts, Rewards and Hospitality and the Management of Hospitality Books – Issued Aug 2019.

10. Army Command Standing Order 6101 – Responding to Offers of Gifts, Rewards and Hospitality and the Management of Hospitality Books – Issued Aug 2019.

11. DCGS/ArmySports/003 dated 31 Mar 22.

12. Army Command Standing Order 6101 – Responding to Offers of Gifts, Rewards and Hospitality and the Management of Hospitality Books – Issued Aug 2019.

d. **Access.** The key risk associated with sponsorship, as identified by the Army Inspector¹³ is that *'the Army is exposed to risk principally because senior officers could be perceived to be complicit in an arrangement that trades donations to Army sport in return for privileged access'*. Sponsors must not be, or appear to be given, privileged access to Ministers or officials in return for cash or benefits in kind. Sponsors of an Army Sport can only be offered benefits relating to said Sport, only 'hosted' by members of that sport's Committee, and not have access to military events such as regimental events.

e. **Donations.** A donation is usually a one-off sum of money given voluntarily for the use of the organisation receiving it **without** any value-exchange process being agreed. The practise of accepting year on year donations from the same organisation is acceptable, however if there is any value-exchange attached to these donations then these funds need to be classed as sponsorship and managed accordingly.

f. **Benefit-in-kind.** Although organisations may provide a pure cash sum as the sponsorship agreement, some agreements may also offer a benefit-in-kind sponsorship for products or services. When accepting these benefits-in-kind arrangements consideration must be given to the Cash Sum Equivalent¹⁴ and the maintenance, possible replacement and associated costs of consumables in managing these benefits. Benefits-in-kind can include sponsored civilian vehicles, sports equipment and clothing. These benefits are part of the sponsorship agreement and must be included in the contract between the parties. It is also important to consider whether the acceptance of a Benefits-in-kind understanding would compromise any other agreements in place either for sport or for the wider MoD. Any conflict of interests must be avoided.

g. **Discounted Goods Sales.** The provision of discounts to the Forces community (serving and ex-serving) is already widely available through many schemes outside of sport. Any agreements for discount between organisations and Army Sports Associations and Unions that is open for individual use is not to be classed as sponsorship and is not dealt with any further.

h. **Sponsorship Policy.** Sponsorship is a recognised activity and is well regulated. Currently MOD and Army rules and regulations on civilian sponsorship are contained in a range of Service documents. Sports officials are to be aware of the following (or their replacements):

- JSP 462, Part 1 and 2 Version 7 dated Mar 19, 'Financial Management Policy Manual', Chapter 7 'Sponsorship' and Chapter 14 'Regularity and Propriety in Public Expenditure'.
- JSP 752, Version 39 dated Jul 19, 'Tri-Service Regulations for Expenses and Allowances', Chapter 4, Section 2, Sports Travel and Section 6, Motor Mileage Allowance.
- AGAI Vol 1, dated Jun 2017, Chap 5 – Sport.
- MOD Corporate Standards of Conduct and Behaviour Civilian and Service Personnel Policy, People Portal: Gifts, Reward and Hospitality dated Jan 19.
- MOD Corporate Standards of Conduct and Behaviour Civilian and Service Personnel Policy, People Portal: Conflicts of Interest dated Apr 17.
- MOD Corporate Standards of Conduct and Behaviour Civilian and Service Personnel Policy, People Portal: Standards of Conduct and Behaviour dated Feb 19.
- ABN 92-12 British Army Branding Identity Instructions.
- The Civil Service Code – People Portal - Standards and Values – Conduct of Behaviour.
- Cabinet Office Publication – 'Planning and Delivering Effective Communications and Partnership Strategies'.
- ACSO 6101 – Acceptance of Offers of Gifts, Rewards and Hospitality and the Inspection of Hospitality Books – Second Revise dated Jul 17. (ACSO 6101 Third Revise as at Aug 2019 expected imminently).
- 2017DIN05-009 Creation and Use of Names, Insignia and Logos

13. ECAB(15)195 dated 2 Oct 15.

14. Where a Product or Service is provided, the Cash Sum Equivalent is the amount the sport would have had to pay for that item, e.g. if equipment is given to the sport then the Cash Sum Equivalent is the net purchase cost of the equipment.

- 2017DIN05-015 Copyright
- 2016DIN03-029 Contact with the Media and Communicating in Public
- Policy on the use of Logos and Endorsements is at Annex A.

7. Guidance for the establishment and approval of sponsorship is based upon the following key points:

- Sponsorship must be received in a fair, equitable, open and transparent manner from businesses operating in the same business space;
- A sponsored activity must not use MOD resources without prior consultation with the TLB Sponsorship Focal Point to ensure that the wider interests of Defence are represented and must also ensure that all cost to public funds are reimbursed;
- Where MOD resources are used on repayment basis, when undertaking non-core sponsorship activity, Sponsorship Organisations must purchase insurance to cover all the risks which will be incurred, at their own cost. All liabilities attaching to a non-core activity must be covered by the non-public organisation responsible for the activity. It is important that the organiser of the sponsorship understands that their Sports Association/Union, and quite possibly themselves personally, will be legally liable for all commitments undertaken and the associated risk;
- Any Sponsorship Agreement will need to include a statement on the responsibilities and liabilities of each party arising as a consequence of the activity being sponsored. The non-public body (Sports Association/Union) which is legally and financially liable must be identified in all communications and it must be made clear in all dealings that it is that body, and not the MOD or the Army that is engaging in the activity. The minimum contents of a contract are set out at Annex C and templates are available from the ASCB;
- The Sports Association/Union and Sponsor should only fulfil the obligations within the boundaries of the contract. Any proposals to do otherwise should be raised with the Sponsorship Organiser/Focal Point;
- Sponsors must not use the MOD's activity as a direct sales channel for their products or services.

This Directive draws on the above references and provides direction to sports officials who are engaged in Civilian Sports Sponsorship. This can be a complex area – if in doubt contact the ASCB for advice.

ARMY SPORT SPONSORSHIP

8. CGS and the 3* Cabal agreed¹⁵ that: sponsorship of Army sport is a beneficial and recognised activity and that the Army's sport sponsorship model needs strong governance and supervision; the practice endorsed by ECAB in 2011¹⁶ needed to be more transparent, simplified and formalised in a contract. They agreed a number of criteria and conditions that needed to be in place to meet the Army's requirement: guaranteed financial support; appropriate and effective management and control; and, a legally compliant model. These criteria and condition required a single focus for the management of sponsors and the allocation of funds; they directed that the ASCB has the lead for this process and the Director ASCB (DASCB) is held accountable to the ASCB for the delivery of sponsorship and empowered to provide the appropriate governance and the necessary assurance.

9. To meet this requirement, the ASCB CF Trustees initiated a review into the delivery of Army sport sponsorship. A new model was designed for both the management and delivery of Army sport sponsorship to ensure transparency and clarity to the process and a method of assurance for the TLB. The aim was to provide a stronger mechanism of governance and oversight to prevent reputational risk to the Army and to Army sports in the area of commercial sponsorship. **This new model was adopted**

15. 'Meeting the Requirement for Sponsorship of Army Sport' – DASCB/ASCB/250 dated 4 Oct 17.

16. 'The Future Approach to Army Sport Sponsorship' - ECAB/P(11)19 dated 22 Jun 11.

in June 2019 with the initiating document from DCGS¹⁷. From 1 June 2019, the ASCB became responsible for the governance and assurance of all Army sport sponsorship and the introduction and management of the new model. This model defined 'direct' and 'indirect' sponsorship, set out that the management of indirect Army sport sponsorship was to be taken 'in-house' by HQ ASCB and supported by an appointed service provider or agent¹⁸, on contract to the ASCB CF, to provide fund raising and sponsorship management advice, and crucially, professional industry knowledge, to DASCB. The previous 'Team Army' model was rescinded and Team Army ceased to be recognised as the provider of sponsorship funding by the Army from 1 June 2019.

10. **The Army Sport Sponsorship Model.** Sponsorship is a contract between a business organisation and the relevant sport (or sports) wherein there is mutual benefit to all parties involved; it is a **value-exchange** process. The range of the benefits exchanged between all parties involved must be outlined in a sponsorship contract. In simple terms the sponsor provides a cash sum (or cash sum equivalent - see Para 8a) and the sport(s) provides a medium for advertising (by use of logos etc.), affiliation or accreditation and socialising opportunities with members of the sport team and committee., ie, Army personnel who have an official appointment associated with the delivery/management of the sport. It is not an opportunity for free product endorsement by the Army, nor is it to gain unprecedented access to the military community in areas not relating to the sport. As directed by ECAB, the ASCB is now required to govern and assure all Army sport sponsorship arrangements. Within the revised model there are 2 sponsorship methods:

a. **Direct Sponsorship.** Each sport organisation, at any level, can elect to find a sponsor and set up a direct sponsorship agreement (within MOD rules) and maintain that direct link with their sponsor/s. Army Sports Associations and Unions and Corps and Regimental HQs can generate income from sponsorship acting within delegated powers to them by the ASCB and governed by the rules of sponsorship contained within JSP 462 Chapter 10 and reinforced in this Directive. The arrangements and relationships are managed by the sport or that HQ. The ASCB's role is to provide assurance of all direct sponsorship contracts (ensuring compliance) and thus requires visibility of all contracts before they are signed. It is recommended that this method is adopted for sponsors offering limited funding, ie at less than £5k.

b. **Indirect Sponsorship.** This is where a third party (the ASCB using its agent, MSE) has the role to manage and coordinate the arrangements, identify suitable new sponsors or receive existing sponsors into the indirect method, secure their financial support and recommend grants to be paid to suitable recipients, whether these be Army sports associations and unions or corps and regimental HQs. Contracts are set between the ASCB CF (through its Trading Company) and the sponsor, enabled by MSE. DASCB directs the efforts of the agent, MSE, in accordance with the priorities set by the Directors of the Trading Company. This 'Indirect' method is available to manage relationships with Army sport's major sponsors, ie those offering funding above £5k. Adopting this model offers recipients (Army sports associations and unions or corps and regimental HQs) the advantage of removing much of the work and responsibility for generating new sponsorship from their committees. The recipient sport or HQ then manages the relationship with the donor sponsor once the contract is signed.

11. **Model Flow Diagrams.** The ASCB CF Sponsorship Model Flow Diagrams at Annex B detail the activities for each stage of the Indirect and Direct sponsorship processes; both models are very similar with the key difference being that the relevant sport associations and union will be responsible for managing the majority of the stages under the Direct model. In contrast, under the Indirect model, ASCB CF & MSE will lead on the activities with support from the relevant sports association and union. As described above, the Indirect Model is managed by DASCB and MSE and focusses effort on major sponsors. For both approaches, the POC within HQ ASCB is DASCB or the Sponsorship Secretary (in post from Aug 22 and the lead POC for all questions on sport sponsorship in the Army).

17 DCGS -01_02_01/03/19 'Army Sport Sponsorship Arrangements from 1 June 2019' - dated 19 Mar 19.

18 Mongoose Sport and Entertainment Ltd (MSE).

12. **Delivering on the Model.** Policy in this area is complicated. HQ ASCB encourages larger sponsors onto the Indirect scheme thus exploiting the expertise and experience of the ASCB, and MSE, ensuring simplicity, transparency and assurance. The indirect method ensures policy compliance, transparency and affording protection against any accusations of inappropriate behaviour. Within this ASCB CF sponsorship scheme, all contracts will be between the ASCB Trading Company and sponsors, enabled by MSE as the ASCB CF's sponsorship agent. The ASCB CF will therefore ensure the clarity, transparency and legitimacy of all 'benefits' involved, for the sponsoring organisation and the Army sport association. If the sponsoring organisation sponsors one or more Sports Associations or Unions, the benefits for both parties will be listed individually to ensure transparency. As with all sponsorship agreements, by adopting the ASCB CF scheme certain rights to act on their behalf are ceded by the sport to the ASCB CF. These rights will be included in a licence agreement that forms a contract between the sport and the ASCB CF. The benefits in adopting the ASCB CF scheme include:

- No cost advice, support and delivery.
- The agent will conduct sponsor company financial and reputational checks.
- The agent already has and will apply Anti-Bribery & Corruption awareness and understanding.
- The agent will provide advice on value, scope and limitations of sponsorship.
- The agent will provide advice on risks and opportunities of sponsorship.

13. **Governance and Assurance of the Direct Model.** Army sports associations and unions and Corps and Regimental HQs can opt to deal direct with sponsors and will do so for those contracts of less than £5k value. The ASCB is still required to govern and assure these arrangements and so ***all potential Direct Sponsorship deals, both new and renewals, are to be cleared through HQ ASCB both at the Due Diligence and Draft Contract Review stage.***

SPONSORSHIP PROCESSES

14. Sponsorship processes vary according to the sponsorship route selected either the Direct approach or through the ASCB CF Indirect route; process maps for each route are at Annex B. In all cases sports officials in conjunction with HQ ASCB will need to apply due diligence when selecting a sponsor and consider the following:

- a. **The Purpose of Sponsorship.** Sports officials need to be clear on the requirement for sponsorship i.e. what will it achieve, what will be the benefits and to whom, what obligations will need to be undertaken and so on.
- b. **Conflicts of Interest.** Clearly conflicts of interest must be avoided. Conversely, sponsors will want to pair with Sports Associations & Unions which provide a natural and comfortable match.
- c. **Appropriateness.** Sponsorship must only be accepted from reputable organisations. In all instances, advice should be sought in the first instance from HQ ASCB who will consult with Commercial Branch to ensure there are no wider commercial or conflict of interest factors that should be considered. In general, providing the company is of a trustworthy nature and has a UK business footprint, a sponsorship agreement can be discussed. Where sponsorship is considered from organisations that are not of UK origin consideration must be given to the wider national interest before it can be accepted. Sponsorship is strictly not permitted from companies associated with:
 - Tobacco and Alcohol Industry;
 - Legalisation of illegal drugs;
 - Poor financial record;
 - Violent or unsocial behaviour;
 - Known political connections;

- Payday Loan Companies.

d. **Risk Assessments.** Sports officials will need to undertake a formal risk assessment of proposed sponsorship to ensure that all the possible risks have been covered including the risk to the Army's reputation.

e. **Sponsorship Agreement Reviews.** Unlike MOD sponsorship, Sports Sponsorship contracts are not limited in time and agreements can be set up for as long as the two parties deem relevant. However, all sponsorship agreements must be reviewed annually by those sports officials who have been involved in either the instigation of the agreement, or who are now involved in the management of that arrangement by virtue of their official capacity in the sport. When officials change over the details of any sponsorship agreement must be included in the handover process and contracts will need to be re-established, signed and agreed with the sports new official charged with this responsibility.

f. **Protocols.** For Sponsorship of non-core Defence activities, when a serving member of the Armed Forces or Civil Servant acts on behalf of a non-public body (Sports Association/Union) the following protocols must be adhered to:

(1) All correspondence and contractual business must be conducted under the auspices of the non-public body of your Association or Union, you are not to use MOD letter headings, not to sign under your official MOD capacity or on behalf of the Secretary of State (SofS).

(2) You must also ensure that when signing on behalf of the organisation that you are representing e.g. Trustees, officials of an Association or Union etc, you do so in the capacity you hold with the organization and not in your official MOD role e.g. Secretary of the association, rather than the Commanding Officer or Garrison Commander etc.

f. **Advice.** If further advice is considered necessary when assessing suitability of potential direct sponsors, sports officials can obtain advice from HQ ASCB.

RESPONSIBILITIES

15. **JSP 462.** Responsibilities for complying with JSP 462 on Civilian Sponsorship lies with the following:

a. **ASCB.** The ASCB CF is responsible for the governance and assurance of all Army sport sponsorship arrangements and for the management and delivery of those arrangements under the indirect model. The HQ ASCB (Sponsorship Secretary) is to hold a directory on sponsorship agreements in order to ensure that agreements are assured, coordinated and compliant and that overlaps are eradicated. The HQ ASCB Sponsorship Secretary is the ASCB Point of Contact (POC) for advice on all Army sport sponsorship arrangements. HQ ASCB will coordinate the quarterly Sport Sponsorship return to Army HQ and seek approval for sponsorship arrangements in advance of committal. ***ASCB have to report all publicly and non-publicly funded sports related sponsored activities to the TLB Focal point, providing a copy of the relevant sport agreements (contract), which will be subject to governance review to ensure that the sponsorship activity was compliant with MOD policy.***

b. **Corps, Formation & Unit Sports Boards.** Sports Boards are to ensure that their dependencies comply with this Directive and all Service regulations and policy on Army sport sponsorship and that all agreements, including any direct sponsorship arrangements, are registered with and assured by HQ ASCB.

c. **Army Sports Associations and Unions.**

(1) Sports Associations and Unions are to comply with the regulations pertaining to Civilian Sports Sponsorship. They have delegated authority from the ASCB to make their own

choice on which sponsorship route (using the ASCB CF's model or direct sponsorship) suits their requirements and then put in place the appropriate arrangements.

(2) All contracts and agreements are to be registered with and copied to the HQ ASCB for endorsement **before signature and committal**. Any areas of concern should be referred to HQ ASCB in the first instance.

(3) Once signed, sports associations and unions must deliver on the requirements of the contract and manage the relationship with their sponsors.

(4) The key to the successful management of sponsorship agreements is to nurture the relationship with the sponsor through regular and proactive communication in order to fulfil the obligations under the agreement. Thus, sports officials should:

- Have a designated POC who is responsible for keeping sponsors informed.
- Fertilise the sponsorship through regular updates on the sport (a minimum of quarterly updates), that sponsors are included in Forecast of Events and are hosted at major events including prize giving ceremonies etc. and that they are thanked.
- That sponsors have the opportunity to socialise with the personnel who have an official appointment associated with the delivery/management of the sport and are included in publicity events in relation to the sport. It is reiterated that sponsorship should not be a mechanism of creating opportunities to gain unprecedented access to the military community in areas not relating to the sport.
- That appropriate recognition is given to sponsors on magazines, clothing and/or equipment and in magazines, programmes and websites.

16. **Corporation Tax.** The Charities Commission has provided comprehensive guidance to Trustees on trading and tax¹⁹. Sponsorship for Army sport is 'non-primary' trading and as such sponsorship income is liable to corporation tax. Paragraph 3.12 of the Charities Commission guide '[Trustees, trading and tax: how charities may lawfully trade \(CC35\)](#)', sets out the exception limits for small scale non-primary purpose trading which is replicated in the table below and is subject to annual review. In summary:

Charity's gross annual income	Maximum permitted small trading turnover
Under £32,000	£8,000
£32,001 to £320,000 ²⁰	25% of charity's total annual turnover
Over £320,000	£80,000

The responsibility for the calculation and payment of corporation tax in relation to sponsorship trading profits is as follows:

a. **Direct Sponsorship.** Sport associations and unions or Corps or Regimental HQs that enter into Direct Sponsorship arrangements that collectively generate more than the small scale limits set out in the table above, are responsible for:

- Registering with HMRC for corporation tax;

¹⁹ [Trustees, trading and tax: how charities may lawfully trade \(CC35\)](#).

²⁰ For example a sport associations and unions that have income of £80k are permitted to have sponsorship income of £20k without registering for Corporation tax

- Recording sponsorship trading in the accounts;
- The payment of corporation tax due on all profits at the end of the financial year;
- Recording and payment of VAT (if VAT threshold of £85k is exceeded).

b. **Indirect Sponsorship.** Sponsorship arrangements made through the ASCB will be administered through the ASCB Finance Department using the ASCB Charitable Fund trading subsidiary.

A briefing note was sent to all associations and unions in Jun 20 setting out the corporation tax requirement in relation to sponsorship trading. A copy of the briefing note is at Annex D which provides further guidance. Sport associations and unions and Corps and Regimental HQs that enter into Direct sponsorship arrangements are strongly advised to read both the briefing note at Annex D and the HMRC guidance, [Trustees, trading and tax: how charities may lawfully trade \(CC35\)](#).

USE OF FUNDS

17. All Sponsorship funding received from Sponsors is classified as Non-public funding and must be reported as such in Association and Union Accounts. All Sponsorship funding must be sought, approved and managed in accordance with this Directive. The ASCB's Financial Instruction and JSP 462²¹ provides the framework for the management of funds.

DASCB

Annexes:

- A. Policy on the Use of Logos and Endorsements.
- B. Army Sports Sponsorship – Process Maps.
- C. Direct Sponsorship Agreement Suggested Template.
- D. Direct Sponsorship and the Payment of Corporation Tax.

21. JSP 462, Part 2, Chap 7, Para 7.61 & 7.62.

USE OF LOGOS

1. The use of authorized military logos such as the Army Crown and crossed swords is controlled by MOD's Intellectual Property Rights (IPR) IPT. In addition, the regulations on the use of the Army logo are laid down in ABN 19/18 The Army Brand and 2017DIN05-009 Creation and Use of Names, Insignia and Logos. ASCB holds a register of Logo's for Army Sports Associations and Unions and whilst these may be used in relation to Sponsorship any alteration, or modification of existing, or proposed introduction of new logos will require ASCB approval before being used.
2. Advice on the number, location and size of logos and their value is available from HQ ASCB. For sports clothing and equipment, the size of a sponsor's registered logo or trademark must comply with the instructions laid down by the UK National Governing Body for the sport concerned, and be in accordance with Departmental Policy²².
3. To avoid creating the perception of a link between the two organisations the Sponsor's logo and the Military logo must not appear side by side. The marks should preferably be on opposite sides of the page, and consideration should be given to how they appear on products (if applicable) to ensure that endorsement is not implied.
4. A Sponsor's main logo must be used in preference to a brand/product logo. Sponsors must not be allowed to use sales messages or advertising statements as part of their logo.

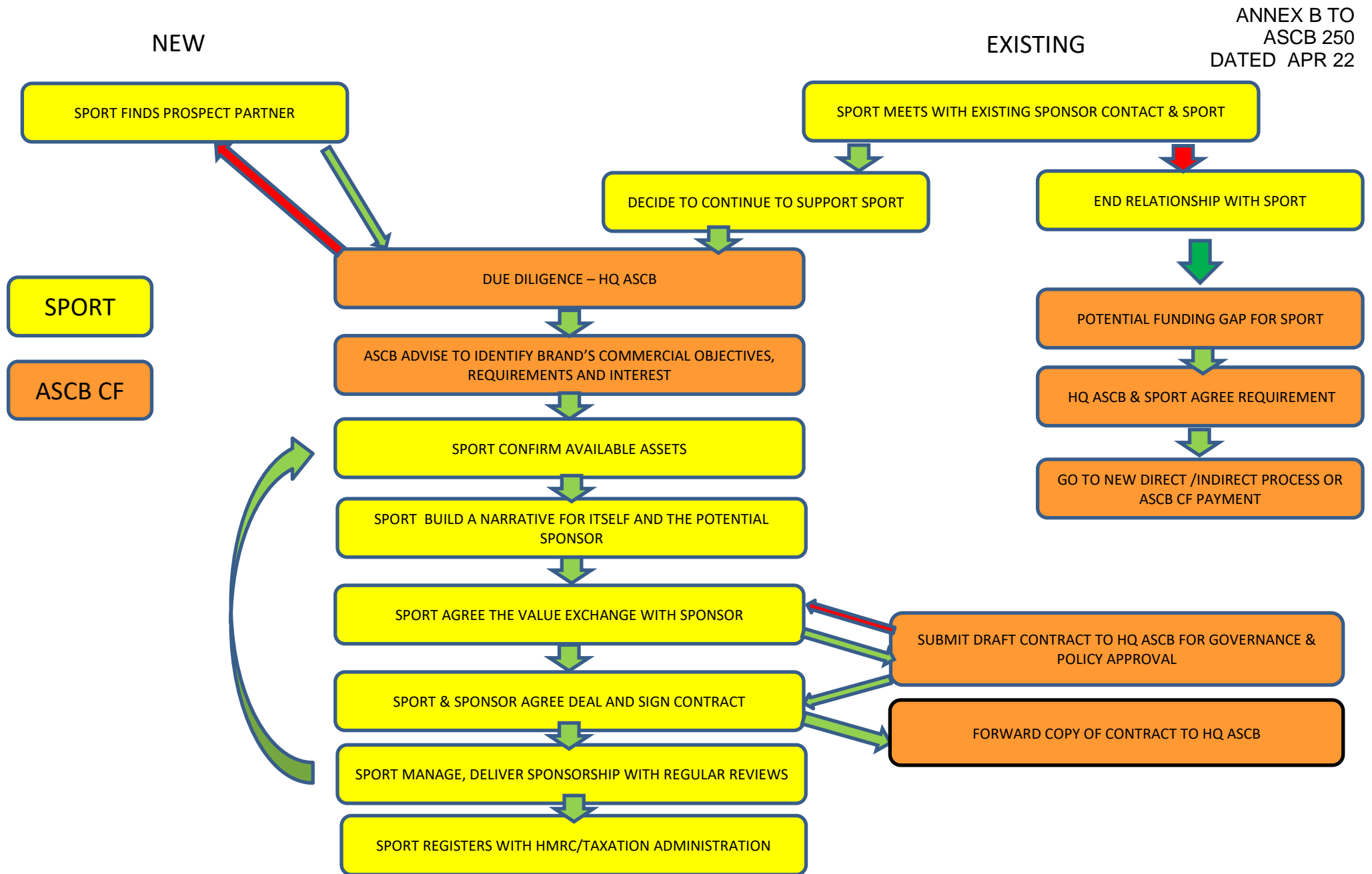
ENDORSEMENTS

5. Army Sports Associations and Union, teams or individuals must not `endorse`, or be seen to endorse, the sponsoring organisations or its products. In other words, names insignia and logos must not be used to imply that MOD particularly favours a Sponsor's products or services, or certifies the suitability of quality of them. Comment can be made that the sport is being sponsored by the company and that this sponsorship adds support to the sport, but no direct reference can be made to promote the products or equipment of the sponsor.

22 JSP 462, Part 2, Chap 7, Para 7.61.

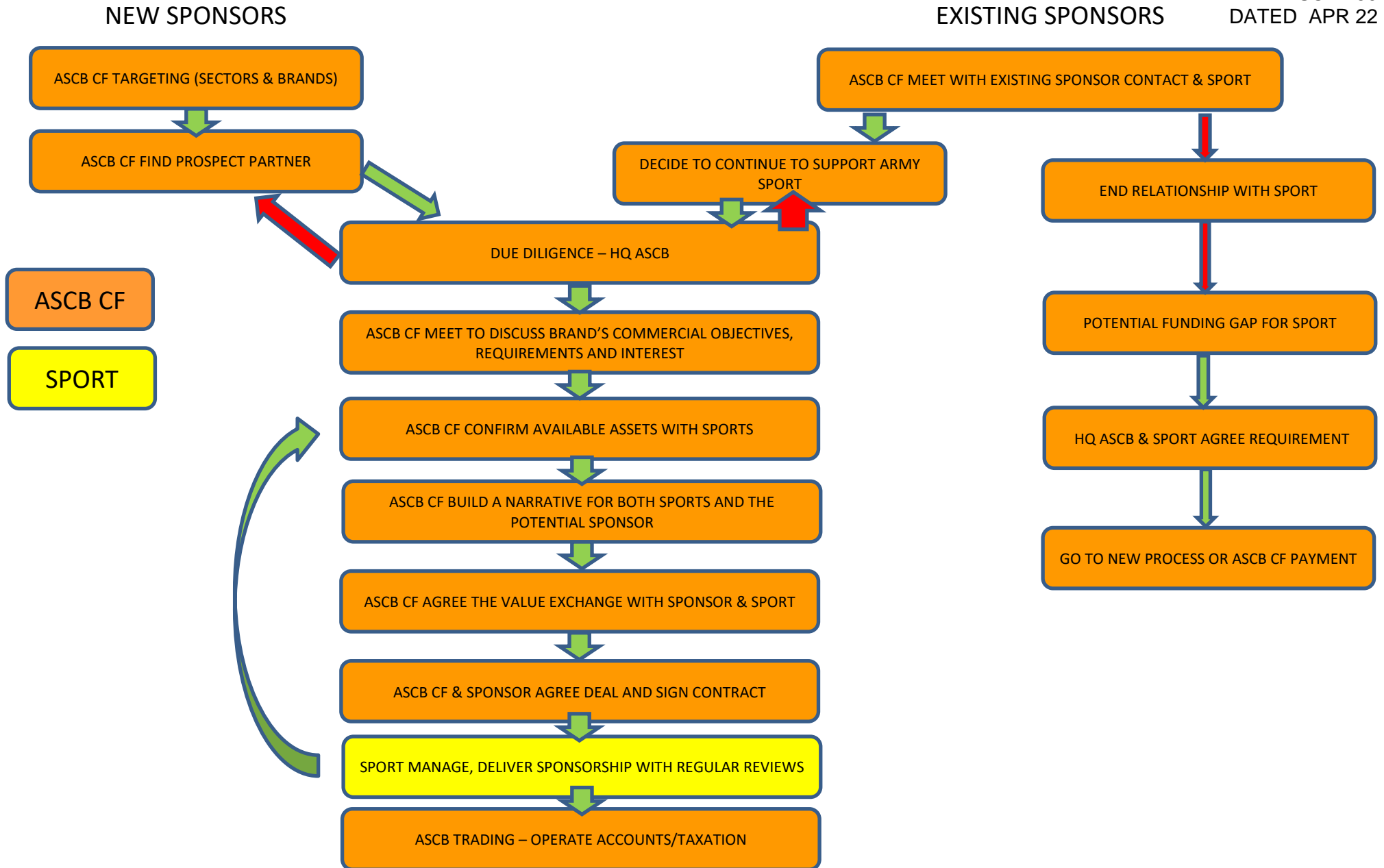
DIRECT SPONSORSHIP – PROCESS MAP

ANNEX B TO
ASCB 250
DATED APR 22



INDIRECT SPONSORSHIP – PROCESS MAP

ANNEX B TO
ASCB 250
DATED APR 22



DIRECT SPONSORSHIP AGREEMENT TEMPLATE

- The following headings can be used in a direct sponsorship agreement; they are neither comprehensive nor compulsory. The agreement must however include the items in bold
1. **Participants.** This Sponsorship Agreement is between:
 - “*****”, *the Sponsor* and
 - “ARMY ***** ASSOCIATION”; *the receiver*
 2. **Agreement time Frame.** *The duration of the agreement with a Start date and agreed termination period for both parties.*
 3. **Sponsors Obligations.**
 - a. To pay £**** (insert sum & and the payment schedule i.e. how much and when).
 - b. To provide (whatever is agreed, clothing, equipment data stating the quantities and value confirming if it is cost, wholesale or retail etc).
 4. **Receivers Obligations.**
 - a. Brand promotion (space for Sponsors mark on clothing, equipment and media).
 - b. PR opportunities (linkage to sporting events not normally available to the public).
 - c. Ticketing (access to International, national and Army events relating to the sport for exclusive use of Sponsor).
 - d. Affiliation opportunities to enable the sponsor to be associated as part of the Sport's wider community *i.e. to be part of the club.*
 5. **Mutual Obligations.**
 - a. Appoint a main Point of Contact
 - b. Operate in good faith and fair working practise
 - c. To comply with all legislation, regulations and applicable law relating to this Agreement.
 - d. Not to do anything to bring any of the names, logos, trademarks or reputations of the other into disrepute in any way.
 6. **Renewals & Reviews.** What to do when the agreement is due to cease. How the Annual review is to be carried out.
 7. **Termination of Agreement.** The return of documents and material to the other party.
 8. **General Matters.** Any additional matters that need to be clarified.
 9. **Exclusions.** What is not covered?
 10. **Signatures.** The document forms a contract between the sports association/union and sponsor with the named signatory being contractually and financially responsible.

15 Jun 20

Corps, Formation and Unit Sport Boards
Army Sport Association and Union Chairs
Copy to: Army Sport Association and Union Secretaries

DIRECT SPONSORSHIP – CORPORATION TAX

Reference:

A. [Trustees, trading and tax: how charities may lawfully trade \(CC35\)](#).

1. Reference A provides Charities Commission guidance for charities that carry out primary and non-primary purpose trading. This briefing note aims to provide guidance on primary and non-primary purpose trading to assist sport associations and unions to understand the corporation tax implication of operating trading activities.
2. **Primary Purpose Trading.** In general terms charities are exempt from corporation tax (but not VAT) on all profits made from primary purpose trading. Primary purpose trading must directly contribute to one or more of the charity's objects. For example the sale of tickets for a rugby match would be considered primary purpose trading for the Army Rugby Union. Examples of primary purpose trading and further details can be found at paragraph 3.6 of Reference A.
3. **Non-Primary Purpose Trading.** Non-primary purpose trading activity seeks to simply raise further funds, the activity itself does not contribute to one or more of the charity's objects. HMRC permits charities to undertake non-primary purpose trading as long as there is no significant risk to the charity's assets. Further details on non-primary purpose trading can be found at paragraph 3.8 of Reference A.
4. **HMRC Charities Advice.** HMRC Charities will provide advice on whether, in their opinion, a particular activity is within the definition of primary or non-primary purpose trading. In case of any doubt or difficulty chairs should seek professional advice to ensure the association/union complies with the law.
5. **Sponsorship.** Sport associations and unions that enter into direct²³ sponsorship arrangements are conducting non-primary purpose trading. Should sport associations and unions consider that their sponsorship arrangements meet the conditions for primary trading, they should seek professional advice – in general terms sponsorship is not classified as primary purpose trading.
6. **Corporation Tax Liability.** Paragraph 3.12 of Reference A sets out the limits that apply to small scale non-primary purpose trading. In short associations and unions can conduct non-primary purpose trading (for example sponsorship) within the limits set out below and be exempt from corporation tax. If non-primary purpose trade exceeds the limits set out below the **whole amount** is subject to corporation tax.

Charity's gross annual income	Maximum permitted small trading turnover
Under £32,000	£8,000
£32,001 to £320,000	25% of charity's total annual turnover

²³ The tax liability for In-direct sponsorship arrangements, made through the ASCB, is dealt with centrally. In these circumstances the association/union need take no action in relation to sponsorship trading taxation.

Charity's gross annual income	Maximum permitted small trading turnover
Over £320,000	£80,000

7. **Sponsorship Non-Primary Purpose Trading.** Non-primary purpose trading in excess of the limits shown at paragraph 6 above is subject to corporation tax – chair must ensure that the charity is registered and the necessary corporation tax is paid. Associations and unions that trade in sponsorship have 2 options:

- a. **HMRC Registration.** The charity registers for corporation tax and ensures that the necessary tax is paid to HMRC.
- b. **Transfer Sponsorship Arrangements.** Association and unions have the option to transfer from direct sponsorship (self-administration) to indirect sponsorship where the ASCB will cover the administration and tax liability. Under the ASCB sponsorship arrangements all of the sponsorship will be paid to the association and union, the administration costs and taxation will be met by the ASCB.

8. It is important that associations and unions comply with charity law and HMRC taxation rules. Failure to do so leaves the committee personally liable and a wider reputational risk for the Army and Army sport. Further guidance is available from the ASCB Finance Manager or directly through HMRC.

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