

Module 3. Trusts in sport – Adding value to sport

Unit 3.1

Introduction

In this module, we will be looking at trusts, first defining what they are, and what role they can play within wider society. Before, we will highlight how they can benefit and add value to those organisations and individuals operating within the world of sport through some examples.

Of course, nothing is straightforward, so we need to consider when the best time is to use trusts and, alongside their benefits, also their drawbacks. We will then highlight that maybe operating outside of a trust could also bring about some of the same benefits with other added benefits. But firstly, what exactly is a trust?

What are trusts?

Trusts are defined as “a set of obligations and duties, splitting legal ownership and economic benefits.” (Butler, 2014, p. 419). A trust is a way of managing assets, for example, money, investments, land or buildings for people, or an organisation. All these items could be put into trust, where they are controlled by a trustee or trustees. The items held in a trust could then be released to a beneficiary, but only if the trustees agree with this release.

It is the trustees who hold the power here, and nothing can be done with the assets held in a trust without their approval. If the beneficiary does not agree with the running of the trust, there are some resources they can take, but this is often through the courts, and it can be extremely expensive. There are, of course, different types of trusts that we should be familiar with. The following section will give an overview of this.

Types of trust

In this subsection, we will outline the types of trust that we can enter into and the particular situations in which these become the most appropriate. While you might find others in circulation, there are two main types of trusts that are most commonly created in this day and age that can be used for and by individuals: a bare/absolute trust or a discretionary trust.

With bare/absolute trusts, there are two types of trusts contained here: those being the bare and the absolute trusts. The difference between the two is highlighted by Butler: “a



bare trust is where the beneficiary is aged under 18 and is called an absolute trust where they are 18 and over.” (Butler, 2014, p. 420).

We must consider the tax implications of both of these trusts; even though there are some parts of it that are tax-exempt such as gifts, others are not. In these trusts, the amount held in the trust will count as the beneficiary's; unless they are under 18, then any taxable obligation above a certain amount becomes the responsibility of the parent. As a result, these types of trusts are more suitable for individuals:

- who wish to make modest gifts;
- who are happy for the child to have access to the cash at 18;
- who require the investment strategy to be capital growth orientated, and thus able to benefit from both the child's capital gains tax allowance and 18 % flat rate on any excess gains within their basic-rate income tax band;
- for whom the £100 rule on income will either be insignificant or does not apply as the donor is not the parent. (Butler, 2014).

We will show how exactly these are beneficial later on in the reading. Moving focus now to a discretionary trust, this is a slightly different trust from either a bare or absolute trust in terms of who can benefit from the contents of the trust. In this type of trust, it is the trustees who decide who can benefit, which can include anyone or anything, including those yet to be born (Butler, 2014). The trust is under the complete control of the trustees and, therefore, is more flexible, and assets contained within the trust should they need to be. For example, if there becomes a beneficiary who is in need of more support from the trust at a particular point in time, then they can be supported through this period.

There are trusts that are set up to support groups of people, rather than just one who is, perhaps, related to the settlor. Charitable trusts are a common way of protecting and, in turn, distrusting money to causes that align with the trusts' goals and aims. These types of trusts are often more beneficial for those looking to make large donations, as they do cost a significant amount of money to set up and run.

They are also bound by rules and regulations. For example, we cannot just let money collect in the trust; if it is a charitable trust in nature, there should be some payment out of the trust. Many of these trusts have been around for a significant amount of time; Stratford Town Trust is one such example.



Figure 1. The Stratford Town Trust logo



Source: Stratford Town Trust, 2022, <https://bit.ly/3RCABes>.

The Stratford Town Trust can trace its origins many centuries back. It has provided financial support for many schemes, clubs, and organisations around the town. It has been set up as a way for wealthy individuals to contribute funds, either while still alive or in death, for the benefit of those inhabiting in the town or participating in town-based activities. Like the discretionary trust, there is a high degree of flexibility with the distribution of funds, and the funds, as long as they are OKed by the trustees, can go really anywhere. This can be evidenced by looking at the Stratford Town Trust website at the causes that they have supported. While this is a town trust, it, along with other charitable trusts, does operate for the benefit of sport and adds value to it. But before we get into that, now that we have looked at some of the trusts that exist, how do we set a trust up?

Creating trusts

In this section, we will be looking at how we create the trusts we have begun to speak about. Before we do, it is important to point out that we are giving an outline of how to set up a trust, and should you need to set one up, then it is advisable to consult a legal professional as the laws and regulations that govern a trust will differ from region to region.

A trust can be set up for and by both an individual and for a group of like-minded individuals, by someone (known as the settlor) who gives power and management over the trust to the trustees. Butler (2014) outlines the following steps in which a trust is usually set up and those that are involved at each stage.

1. The settlor gives away an initial asset (e.g. cash, a property, an insurance or pension contract), and then transfers the ownership of the asset to one or more trustees.

2. The trustee is the legal owner of the assets who holds and manages them for the benefit of the beneficiaries, according to the terms of the trust deed or trust law.

3. The beneficiaries are the individuals or groups of people selected by the settlor to receive the benefits of the trust.

The trustee is appointed by the settlor to become the owner of the assets that have been placed in to the trust. The trustee will then distribute the assets held within trust to the beneficiaries. The area of distribution and timing will depend on the type of trust that they are operating, for example, bare or discretionary. The steps are quite straightforward, and while rules vary across the globe, it is usually accepted that a person who is in charge of a trust has to be over the age of 18. It is best to check each step with a legal representative in the region in which you operate. Now that we have understood the types of trust that are available and when to create them, when is a trust best used?

Usage of trusts

In this subsection, we will show why trusts are used and how they can be beneficial in achieving the financial goals that we might hold. We will explain the main reasons someone might wish to use a trust and provide some examples.

There are many situations in which we can use a trust, and we can see, from the examples provided by Butler (2014), the breadth of possible uses and benefits that setting one up might give us:

- reducing inheritance tax;
- providing formal oversight and controls about how assets will be used;
- providing flexibility to defer decisions about how assets will be distributed or otherwise to benefit different beneficiaries;
- ensuring that assets are legally separated from one's personal assets, and thus potentially protected against unforeseen situations such as divorce or bankruptcy;
- providing protection for vulnerable beneficiaries;
- providing a means for managing assets for those unable to do so themselves.

In some cases, someone is too young to responsibly hold the assets, to pass assets on while we are still alive, or pass assets on when we have passed away. There can also be tax benefits of using the trust; we might be able to minimise our tax obligations in the form of capital gains tax or inheritance tax, by using a trust and transferring some of the wealth that we hold into this area. They are also useful for separating assets, so that, if anything unexpected were to occur, some of the assets would be protected as they are held in trust. Butler (2014) suggests that this also applies to life insurance policies, as in a UK context any proceeds of the policy coming into a financial estate outside of a trust, will often be found to contribute to taxable income. By not having these policies within a trust, yearly tax could need to be paid on the amount at some high rates.

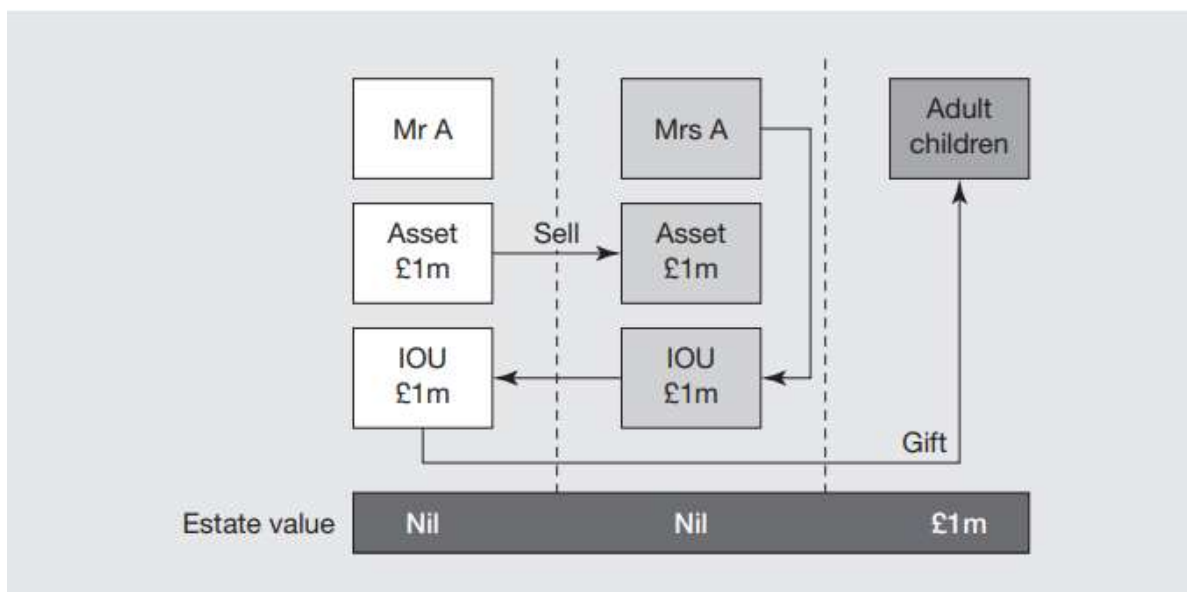


Trusts can give a level of flexibility for lifetime gifts that can be hard to match; we have seen this already in discretionary trusts, but it is worth reiterating due to its importance. Once the trust has been set up, it can be carried on for many years, as we have seen in the Stratford Town Trust example. We can set up a trust and transfer money into it without having to make a decision on who should benefit right away. Therefore, any gift could wait for a more appropriate beneficiary, if one was currently not found. The settlor could leave advice on how the trust should be distributed or the types of beneficiaries that they would favour for the trustees to make a note of.

Let us have a look at some potential uses of trusts with the aid of diagrams to show the flow of money and the aims. While these might not all be applicable to the trusts used in the world of sport by either individuals or groups, it is useful to see the breadth of how they can be used.

The first one is the spouse/civil partner asset transfer. In this trust example, we can see that Mr. A has sold an asset of the value of £1m to Mrs. A; he has then received an IOU of the same value back from Mrs. A. Mr A has then gifted the adult children (over the age of 18) a £1m gift.

Figure 2. Inter-spouse asset sale and IOU



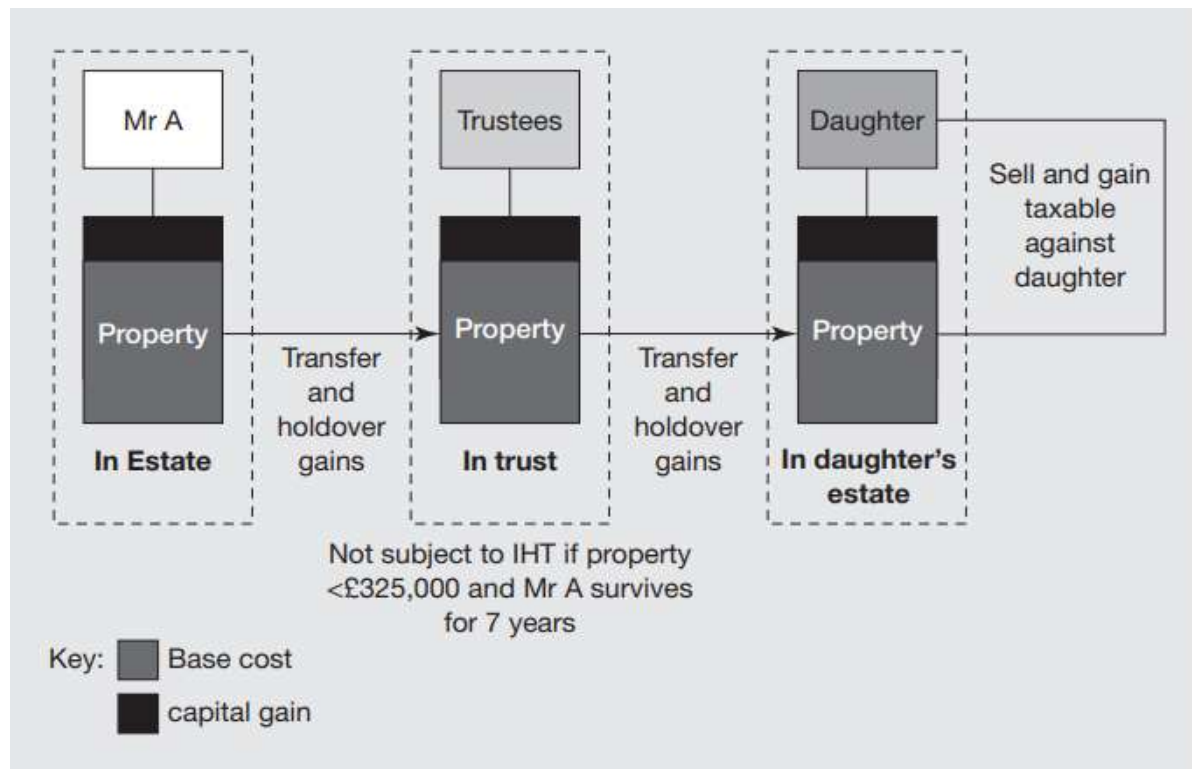
Source: Butler, 2014.

The idea behind this usage of trust is that there will be no capital gains tax to be paid, due to the exemption for spouses, as the £1m gift leaves the estate of Mr. A and enter the estate of adult children, although the IOU will have to be paid back from the purchasing estate to avoid the inheritance tax.

While the spouse/civil partner asset transfer might be more appropriate for those individuals who have little in the way of assets, the investment property standing at a gain allows us the ability to hold any gains from the property outside of the settlor's estate. Any

taxable gains can then be held by the trustees and 'given' to the eventual beneficiaries, who will then pay any taxes that have been accrued. If this is done correctly, we might find that we, as the beneficiaries, look to sell the investment property in the future, pay a lower rate of, or even no capital gains tax upon completion. An example of how this might work is displayed below.

Figure 3. Gifting property standing at a gain



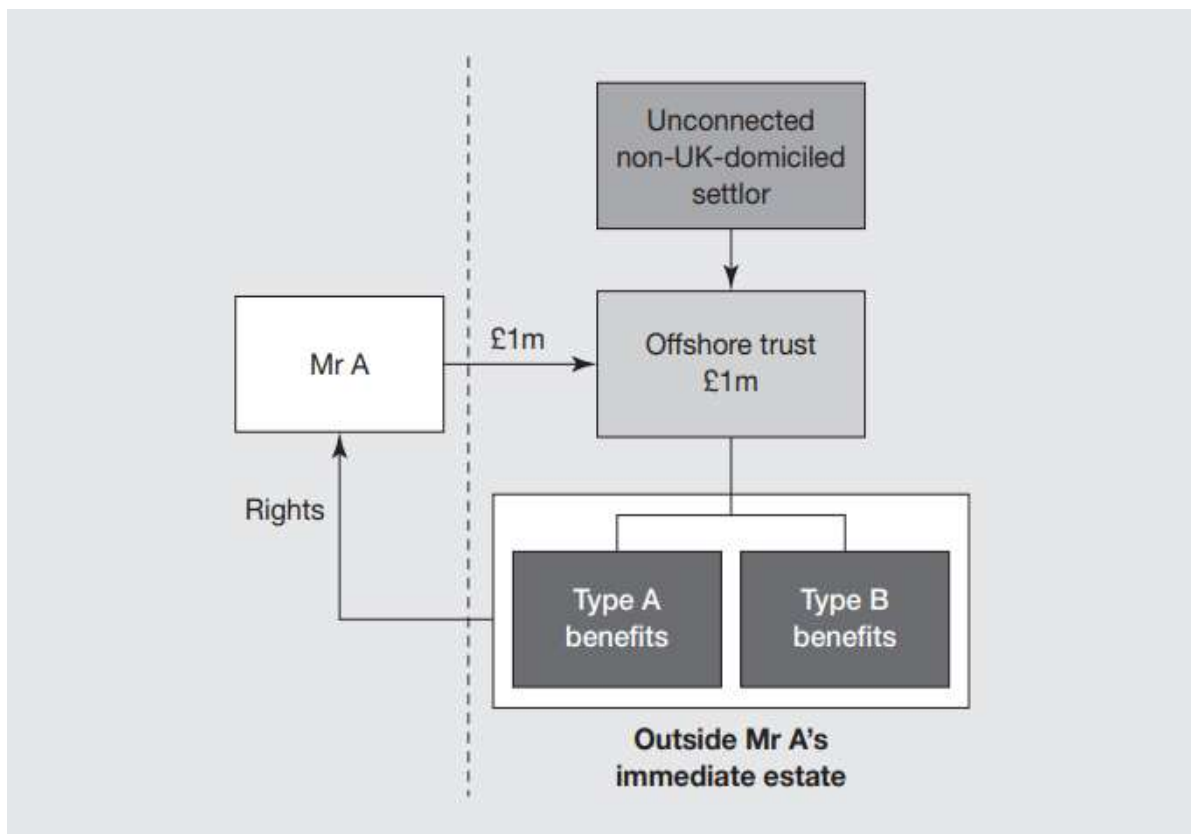
Source: Butler, 2014.

A wealth preservation trust allows the actors within the trust to obtain an immediate reduction in the value of their estate, while retaining access to any capital, without breaking any of the highly restrictive trust rules.

How this works is that an unconnected person begins the trust. Once the trust is up and running, then you as an investor buy the interests held within the trust. This means that the amount paid for the interests is removed from your current estate and is therefore not taxable. You can also request a loan from the trustees at any point, with the amount payable upon your death.



Figure 4. Explanation of the usage of trusts



Source: Butler, 2014.

Butler (2014) notes that this, while possibly the most effective trust for certain investors as it can protect the contents of the trust from creditors, it does need carefully setting up and managing; if not, then some creditors could be the least of your worries. Poorly managed, trusts can not only not provide for those that or in the way that you had hoped, but could even lose your initial setting up costs altogether.

This needs to be considered for all trusts and financial mechanisms. Is the method that has been chosen the correct one for the goals and objectives that the settlor has? Have they been able to begin this trust with a strong band of trustees who can be relied upon to act in the settlor's best interests, even after death?

These things all need to be considered when we think about using trusts, whatever our aim is. There is a great deal on this topic of trusts in Butler's 2014 book *'The Financial Times Guide to Wealth Management: How to plan, invest and protect your financial assets'*, much more than we could cover in this reading alone, so do consider going through this, if this area is of a particular interest. Let us now think about how we can take the usage of trusts in normal situations and transplant that into sport.

Usage of trusts in sport

While one objective may be favoured above all, and this might be the motivation for the use of trusts in sport, there are a whole host of reasons that a sporting individual or organisation might wish to open a trust. There are, of course, financial motivations.

In much the same way as trust work for those areas outside of sport, they can work within sport; by putting elements of our own wealth or that of a sporting organisation within a trust, we can reduce some of our taxable obligations. This will often not be a-rouse to purely save money because we are greedy, but to be able to do more with the money that we have available.

The opening of a trust in sport can be motivated by the same reasons that someone would open one in a non-sporting setting. As we go through this subsection, we will discuss some of the trusts that exist within sport and how they might look to add value to sport in their methods.

As we have seen, trusts are often set by individuals either looking to protect their wealth or to make sure that future generations or other people important to them are protected in the future, or after they have gone. The actors with the sporting industry, notably the players, can achieve grand salaries during their active sporting careers. Therefore, it is not hard to see why they might want to protect some of this income.

They might want to protect it due to proposed life changes, such as deselection or retirement, when their earning potential has decreased. They often are looking to make sure that their dependents, possibly those who are young and under the age of 18 at the time of the trust being set up, are looked after financially once again when their earning potential declines.

They, of course, might also want to avoid some of the taxes that they might be obligated to pay, had the trust not been set up. This is perfectly legitimate legally for these individuals to do. Although it might raise some dissent from members of the public, it is perhaps worthwhile considering that the top earners are often charged at the top rate of tax, sometimes up to 50 % of income.

It is therefore not surprising that they might feel the need to use some form of trust to protect this wealth. Sporting organisations can also operate in this way.

For some sporting organisations, this might be for the benefit of themselves and themselves alone. They set up a trust as a way of protecting themselves against various financial issues; perhaps, they need to transfer some wealth away from the core business so that they do not incur such a high tax bill.

Again, we might think that this is a little cynical on behalf of the organisations, some with vast wealth far in excess of many businesses and the fans. However, we must remember that they operate in a highly competitive field, and, therefore, every penny really does count.



There are other sporting organisations that do not act in the interests of themselves, but in the interests of wider society or the section of the community that they serve. The trusts are put together not to serve one or a group of individuals, but to make sure that the financial means for sport are met so that those who wish to participate can and that any potential barriers to entry are removed. Below, we will discuss some of the examples of trusts that we can see within sport.

Examples of trusts in sport

There are many different examples of trusts within sport, each set up for a different purpose and different goal in mind. In this subsection, we will go through a few of these and highlight their aims and objectives, namely individuals who have set up trusts, the Youth Sport Trust and community sport trusts.

There are multiple examples of trusts that will be set up by sports stars, usually high net worth individuals, who will seek to hold on to or preserve their wealth for them or dependents. These often are not publicised to the general public, as some of the methods might be linked to tax avoidance, something of a hot topic. However, some trusts that are set up by individual sporting stars are not set up with the aim of saving wealth.

Jonah Lomu was a New Zealand rugby union international and, at one time, the most famous rugby player in the world. Following his death from medical issues, the Jonah Lomu Legacy Trust was founded. The aim of the trust was not to protect Lomu's wealth from tax or any other form of financial obligation, but to provide for the player's children after his death. Lomu, despite being famous, played the sport at a time when the rewards were small; therefore, he left the family with a shortfall.

The trust is managed by trustees, with the sole benefit of any money coming into the trust being for the benefit of the children and any of their subsequent dependents. In this instance, it is not about moving wealth, but creating it as donations to the trust that are welcome from the general public. This shows, while we are looking largely at highly paid individuals or wealthy sporting organisations, just how uncertain the sporting industry can be.

The Youth Sport Trust is a nationwide organisation that operates within the UK. Their mission statement is working together, empowering young people to achieve their own personal best, and equipping educators to change lives.

They do this by putting on events and training schemes, and by providing equipment for sport so that the needs of communities around the UK can be met. They are set up as a trust so that the goals of providing these opportunities to whoever needs them is always met, and their charitable aims are met. The YST had to declare how they are funded, as a charitable trust; the organisation explained how they are funded in the statement below:



We raise funds from a number of sources in order to deliver our mission: we bid to other charities, trusts and grant giving bodies, we apply to lottery distributors, we tender for government contracts, and we work in partnership with businesses through sponsorships and corporate social responsibility projects. (Youth Sport Trust, 2022, para. 6).

How does the YST add value to sport? It provides individuals who would not normally have access to participate in sport the opportunity to do so. This adds value to sport in the UK in a number of ways; namely, by having organisations such as this, the social and physical health of participants can be improved, which often leads to less health concerns and reduces pressure on health services.

Additionally, those exposed to sport at a young age are more likely to continue the habit on into later life. This helps with health, as we have noted, but can also lead to employment opportunities for the individual within the sport itself. This, again, leads to better societal outcomes than if the opportunities had not existed in the first place.

We often see another model, community sports trusts, regularly used in tandem with professional sporting organisations. The following subsection will detail a bit more about them specifically.

The community sports trust model

A community sports trust is defined as “a charitable organisation that has a direct association with a football club, yet at the same time has structural, financial and strategic independence” (Walters and Chadwick, 2009, p. 52). The separation from the club can be beneficial in multiple ways for the trust. It can avoid the pressure of finances of the parent club that are often associated with professional sport, and football in particular.

They can also apply for grants from sources such as governments and charities due to their charitable status, something that the clubs they were founded by would be unable to do. Often, tax that does need to be paid on earnings that can be reduced due to this same status. These trusts can play a valuable role in connecting with the local community and extending the work of the sporting organisation outwards away from its immediate area.

The work of these community trusts can be extremely varied (Castro-Martinez and Jackson, 2015). For example, many football clubs make use of charitable trusts as a way of reaching marginalised areas of society in which they are based. This can be a very significant amount of funds. Recently, Brentford FC were reported to have contributed 8.5 million pounds to their community interest activities.



There is also a large educational component to the trusts: they organise schooling for young people who have left school at 16, to allow them to continue in education alongside playing football or other sports for the community trust. As with the YST, the benefit for these individuals and wider society is clear. By gaining qualifications or being exposed to activities that they otherwise would not do, new skills, qualifications, interests and friendships can be found.

Despite this, there is some discussion whether the ultrarich sports clubs and individuals should be able to benefit from the tax arrangements set up for trusts, in view of this wealth; this is a discussion that we will have within the module proper. So, given that they do have a large amount of wealth already sitting within the club, why do they engage in the setting up of community trusts?

Benefits of the trusts in sport

There are multiple benefits of either having a trust set up for an individual, running a club directly through a trust, or combining one with an existing sporting organisation. For an individual within the sporting sector, a trust can be a very useful way of protecting their income for the future. It might not only help them. Their dependents, partners, children or other relatives could all benefit from money from salaries or commercial contracts being secured for the future. As we have already discussed within this course, sport is littered with tales of those participants who have not been able to manage their money correctly and have finished their careers and lives with very little to show for their hard work and sacrifice.

Do not forget that some organisations actually control their whole business through a trust. By controlling an organisation through a trust, it would not be left up to purely one individual to decide how money that the organisation has should be spent, or the organisation would then behave in everyday dealings. This allows your organisation to be on a much stronger footing, and decisions are taken with a consensus of trustees. It will therefore help to make sure that the organisation is around for years to come.

In addition, we can run a trust alongside an existing sporting business or set one up as an athlete, not just for financial reasons. The reason for this might be to show the current and potential market of the company that the individual or organisation is a positive influence on the market or its geographical location; it is known as corporate social responsibility.

Corporate social responsibility encompasses a range of activities by an organisation that enhances society. This could be, in the examples of trusts, gifting money to worthy courses that would impact a section of their consumer base or local area. We might think individuals in sport, such as the players, operate within the same way. It is appropriate to consider some individuals as types of organisations themselves, given the amount of time and money that is spent on marketing their brand and that they are susceptible to some of the same issues as sporting organisations.



As we consider them to be operating in the same sphere, why do they do this? They do not make any money out of this, and that is the aim of some organisations: they are profit maximisers by nature. Well, they do this for a few reasons: to appear, or perhaps even genuinely, that they have the interests of the customers (the fans) or their geographical area at heart. What could convince someone that you cared about them much more than funding something close to their heart? And some do it just for that: to build a good relationship, the community trusts that we have mentioned being one of these ways to build the relationship.

Despite this, there are benefits of this good relationship. Those organisations engaged in corporate social responsibility can often expect to increase business and, therefore, revenue, as those that they are dealing with perceive them to be more ethical or seem to be operating in a way that closely matches their own identity. Fans will buy more from the club, and attend matches more; importantly, we have begun to see fans defend the sporting organisations from criticism. So, beside assisting the organisation or individual with their own reputation, how can a trust add value, whatever that value might turn out to be, directly to sport?

Adding value to sport

There are several ways in which using the mechanisms that trusts can provide can add value to that particular sport. These can be purely financial, of course, helping owners and other actors maintain wealth, which is something that we will touch on later, but also providing much needed finances to the less fortunate and wider society as a whole.

Sport provides benefits for society that are often hard to match. Sport and physical activity can reach people that traditional methods of intervention cannot. These organisations operate as non-profits, meaning any profit is invested immediately back into the scheme and is not taken out by shareholders. As a result, the organisations are often given some form of charitable trust status. The sporting trusts can provide leisure and cultural activities for people with a disability, long-term illness, mental-health problems, drug and alcohol dependencies, living in deprived communities, and with little or no other access to regular exercise and social inclusion. However, they do not have endless budgets.

By allowing these organisations to have this charitable trust status, they are able to hold on to more of their money. They are not taxed in the same way as ordinary businesses, and, often, they are tax-exempt, meaning that they pay no tax at all. This allows them to divert more of the money they have access to and to use it for the benefit of the society that they are trying to help.

It can benefit sport in a further way, as it can also add security, if we can make sure that no one person is in charge of dictating how an organisation will operate. For example, imagine you are a member of a sporting society; the sporting society, through clever financial fiscal management, has built up a reserve of cash. How would you want that cash spending? Would you want it spending on the whim of one individual? Perhaps, if it



was left up to a singular individual, this individual would decide to spend the cash on something frivolous, perhaps an unnecessary ground expansion, running the financial reserves of the organisation completely dry, and there would be no recourse for the members to respond. It is sporting organisation finances that we turn to again in the following subsection and how they can be benefited by the introduction of investment trusts.

Investment trusts

Investment trusts are funds that seek to make a profit on trades and investment portfolios for their members, much in the same way that other funds would. They differ from other investment funds as, instead of being obliged to distribute all profits, trusts can retain some of the investment profits for the future, in an attempt to cover losses or any unexpected costs. Of course, any investment into a company or organisation will benefit it in that they will have a cash injection in the business, adding value to the company as they seek to achieve their goals.

The trusts are beginning to find their way into sport, once again, notably in football. Investments of this type into sport can be volatile, as a lot of returns can depend on whether or not the club is successful (Longley, 2020). Therefore, while investment trusts are generally seen as a safe investment, pairing them with sport can make investors nervous.

The value for sport is that the investments can bring in much-needed capital or expertise to the organisations invested in. This depends on the terms of investment agreed between the organisation and the trust, but can be a successful way of nurturing organisational development in the increasingly competitive sports field.

Considering using trusts

Often, when considering making financial decisions, there are numerous options out there for us. Therefore, in this subsection, we will consider the following: could there be a better way in structuring sport outside of trusts? Throughout the reading, we have demonstrated that trusts can have a valuable role to play within sports, but when should they be used? Are there any reasons why they should be avoided in certain situations?

Even though we might have the same goals as a trust, it might be better for the particular organisation that we are involved in to operate outside of the strict processes that these could put on us. We might, for example, prefer to have more control over the type of investment we are making and, therefore, it would be more inclined to invest on our own away from a trust.

We might also not be concerned with the methods of saving tax that trusts can provide, instead of setting up other forms of wealth transfer or preservation. If we use property as an example, we might be able to realise even higher rates of return outside of a trust with fewer costs associated with this investment.



Avoiding trusts

While, perhaps, it is a bit strong to say that we should avoid trusts, sometimes, they are not right for us, and other options could be considered. The first consideration to make is that trusts are not free; they do take some financial capital to set up and maintain. Usually, this comes from the legal advice and work that is needed to make sure that the trusts are founded in the correct way in whichever region you operate in.

Furthermore, trusts are tightly regulated in many of these regions, with the legal requirements to make sure that they are operated correctly. If any did think about using trusts as a way of solely avoiding tax, for example, this is unlikely to work, and it will probably lead to some form of consequences when found out.

There is also no protection from creditors, meaning that, even after the death of the settlor, the creditors retain the right to collect the money that is owed to them. Of course, the legal fees attached with making a claim might put off many creditors, but it is still a risk that is worth considering.

It, therefore, might not be in the interests of the individual or group to begin a trust, as other mechanisms might get them the results they wish. If the transferring of wealth was our initial goal, we might find another method of wealth transfer, for example, through investments. We could also take this approach, if we are looking to protect our wealth for later on in life or for future generations.

What we could also do is found a separate company that would help us achieve our aims, but which is not restricted in how it can operate, as it is not meeting the requirements for a trust, just a normal business. For a more in-depth example, let us have a look at Chelsea Pitch Owners and the role this type of company plays in modern-day sport.

Chelsea Pitch Owners

Chelsea Pitch Owners is a non-profit organisation that was founded in 1997 by former Chelsea Football Club owner and chairman, Ken Bates. When Bates bought the club in the early 1980s, it was not in the best of financial health, and actually purchased the club for £1. Due to this uncertain financial situation, the ownership of Chelsea's home, Stamford Bridge in West London, was precarious. It was well into Bates' tenure as owner, in the early 90s, that there was some certainty around the stadium and associated facilities.

In an effort to safeguard the future of the ground and, subsequently, the club, Chelsea Pitch Owners was set up and took control of the ground from the then holding company of the football club, Chelsea Village, splitting the company in two. The purchase was completed by Chelsea Village loaning £10 million to CPO, which would then be paid back in the form of an interest free loan. In return, Chelsea FC were then granted a 199-year lease for a nominal annual fee.

The organisation is set up in such a way that no one person can assume control of the organisation and that there can be no development on the pitch, and that it can only be used for football purposes. This is not just a ceremonial role, and the CPO can, and do, have a level of influence on the operations of the club. The actual name of the football club, Chelsea, is leased to the club, for free, on the proviso that they continue to play first team games at the stadium. So, when in 2011, the club began a process to move away from the stadium to a new ground which would have a bigger capacity than Stamford Bridge. This brought the CPO and the club's hierarchy; ownership had then passed to Russian oligarch Roman Abramovich, into conflict. Even though former player John Terry was the current chair of the CPO group, the percentage agreeing the sale of the stadium to the then owner did not pass the 75 % threshold that was required and, therefore, did not go through with the club later abandoning its plan to move ground altogether.

As it was, with the move not taking place, the CPO and the club have continued to work in tandem. It can also be a way of generating further revenue which can further contribute to the, in this case, repayment of a loan and the desire to own a share in the first place.

Figure 5. Buy a share advertisement



Source: Chelsea Pitch Owners, 2022, <https://bit.ly/3RYqEYG>.

While an ordinary electronic share in the organisation costs £110, there are several other options and a range of packages that can cost a lot more. The picture above shows current Chelsea men's manager, Thomas Tuchel, himself a share owner, with his framed version

of his share certificate. The differing products, you can even have a signed share certificate by Tuchel himself, perhaps making it more desirable, can further drive revenue towards the organisation. While Chelsea Pitch Owners are trying to pay back a loan, it does demonstrate the potential for revenue to be raised even in non-profit organisations.

This example demonstrates that we do not need to use trusts to accomplish many of the goals that trusts achieve. A simple business set up with legal caveats and contractual agreements can be equally effective in protecting individuals, groups or assets. It is, of course, important to make sure that any agreement is legally watertight, as there will always be someone looking to take advantage of it for their own means.

Summary

In this module, we have looked at trusts, what they are, their role, and how they are set up. We have also spoken about how they can help sporting individuals or organisations both achieve their financial goals and improve relationships with fans and other consumers. We have not only highlighted some of the ways trusts can work in modern sport, but also suggested that, in some instances, other ways to achieve the same, but without the legal red tape might, in fact, be better.

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