

# **ASSOCIATION OF GOLF COURSE OWNERS (1993)**

## **WINTER NEWSLETTER 2014/5**

**If things weren't so serious this might give you a chuckle – it's equality!**



**HE COMPLIED WITH THE LONG SOCKS CODE ... AND HAS A CONGU HANDICAP. IT TAKES COURAGE TO STAND OUT FROM THE CROWD!**

**The Association of Golf Course Owners (1993)  
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**Look for "Golfing Cheats" on KINDLE!**

## **MISSION STATEMENT**

The Association of Golf Course Owners (AGCO) aims to represent all proprietary golf courses in the UK from the very largest to the smallest pitch and putt, crazy golf and driving range. It is not subscription based but donation based. Subscriptions inevitably mean some would belong and some not and creates a divided industry. Our mission is to promote the whole proprietary sector with a voice for stopping the injustice facing our industry. AGCO was formed in 1993 and is the second oldest golf course owners association in the world after the American one!

AGCO's whole aim is to stop the injustice in the golf industry. It is not about benchmarking (whatever that is) or teaching people to market their club against their neighbour's proprietary club. Nor is it about cuddling up to amateur governing bodies that positively work against proprietary businesses. It is about being brave and having the guts to stand up against any part of industry/Government/tax authorities/sport that adversely affects us. There is a 'them and us' in golf. It isn't 'them and us' with the large groups of 10 to 25 clubs stamping on the little ones. It shouldn't be 'them and us' between you and your neighbour. Frankly it is 'them and us' between the very commercial members' clubs and small proprietary clubs, literally in many cases being driven to the wall.

Many small golf clubs are now in the same situation as the corner shop was when TESCO arrived on the scene. Their businesses are being wiped out by some very large, very commercial member-owned clubs fiddling their taxes on green fees, fiddling their liquor licenses, fiddling their business rates, fiddling their CASC registrations, fiddling their taxes on their flexible membership schemes and scams. And in many cases the national governing bodies so vehemently represent those clubs that they aren't prepared to hear us.

Vince Cable MP, the Business Secretary, recently announced that he thought that there were so many golf courses that some

of these courses should be used for housing. Instead of praising him for his comments, and commenting that many clubhouses could be adapted to residential and golf courses thereby saved, Sandy Jones, Head man at the PGA and on the England Golf Board poo-pooed Mr Cable's comments.

AGCO had previously met with one of the Housing Ministers – Nick Boles – to put forward golf clubhouses as a special case. Isn't this typical that someone who has never owned a golf course or golf club can give an official comment so clearly in contradiction to the work of associations like AGCO?

Life for Sandy Jones at the Belfry must be very different from those of us running small clubs. Just as life for David Joy, looking out from his office at Woodhall Spa, bears no resemblance to the work we do. They don't have to stick their hand down the drain at 6 p.m. in the evening when the greenkeepers have gone home. They don't have to step in for the breakfast chef when he down-tools on Sunday morning. But then the Chairman of the UKGCOA, employed by the Guinness family at Burhill, presumably has never had to ask HMRC if he can pay his VAT in instalments. Small proprietary clubs do. Three contacted me this week. Because business is appalling – not the economy but the unfair competition from members' clubs breaking the law in many aspects of their business.

**AGCO IS FOR YOU – CLUBS WHERE THE OWNER TAKES THE RISK, NOT JUST LEECHING OFF OTHER PEOPLE'S MONEY AND EXPERTISE.**

**WE WILL GET THERE. WE WILL.**

*Vivien Saunders*

You can read more about the tax scams of members' clubs on Vivien Saunders "Golfing Cheats" on KINDLE. Read how the judges are in on the act, and HMRC doing secret deals with the Great and Good in Golf, forgiving their tax.

## **AGCO's VAT TRIBUNAL – TAKING HMRC TO COURT!**

Most important, on VAT, we have lodged an application with the Tax Tribunal system to appeal against a decision of HMRC, with the aim of resolving one certain distortion issue and then getting the case to the Upper Tribunal and Europe. It has taken 15 years of hard work to find a way of getting HMRC into court. They can take us to court; **at last we have got HMRC to court.**

VAT advisors have been trying to find a way of doing this for 15 years. AGCO has cracked it. We have exchanged documents and witness statements with HMRC, instructed the barrister and are waiting for the court to set a hearing date. A team of 30 AGCO people, from all 4 countries, have worked on this case. 25 have given evidence. We will keep AGCO members updated. **In London – in the New Year!**

AGCO has also made a direct complaint to Europe, with a wealth of evidence, complaining that there is distortion over VAT in UK sport. This, we say, came from the VAT Sports Order 1999. We want Europe to take infringement proceedings against the UK. We have sent papers to counsel at VAT specialists, Monkton Chambers, and are waiting for counsel's opinion to forward to Europe. AGCO members/supporters have funded this.

## **AGCO EARLIER TAX SUCCESSES**

- **1993/4 AGCO lobbied MPs and Customs and Excise which led to the concession that only membership fees would be VAT exempt.**
- **In 1995/6 HM Customs and Excise asked AGCO to provide expert evidence for them, fighting the VAT distortion between clubs and local authorities. AGCO has been called in by HMRC since then too!**
- **In 1996/7 we won a case against Customs and Excise allowing the members at proprietary clubs to enjoy VAT exempt golf. Several club owners, including two UKGCOA directors, benefitted from that.**
- **AGCO's work was reported at length in Hansard and parliamentary documents throughout 1998 – 2000 on the further VAT distortion and the disastrous VAT Sports Order of 1999.**

## **GOLF – DYING ON ITS FEET - HANDICAPPING**

Like it or not, golf is dying on its feet. The numbers playing golf are down dramatically in most parts of the world and certainly in the UK. They are down 30% in some areas. Why?

One of the disasters is the handicap system. And that's all round the world. You cannot make a science of the way people score. A handicap used to be based on pride of performance. How low a score can I achieve? Run further, jump higher, lower my time. Not in golf. It has become about trying to see some science in scoring and stopping people winning large prizes off phoney handicaps. And as for the Stableford system – it is a killer. Lousy golfers come in and brag at having scored 42 points. The 3 handicap golfer with his 37 points might as well pack up. And all those am-am team cheats make the game a farce!

The CONGU system is a disaster. People enter a club competition. The weather is rubbish. They don't turn up in case they go up point 1. They go to B & Q instead. They start preferring B & Q to golf! It is a rubbish system that doesn't cope with matchplay, fourballs and Am-ams, where all the handicap cheats can hide their light under a Bushnell – get it!

So AGCO is on the case developing a new, user-friendly system for all. It will be free, easy and in fact rather retro! It works on Pride of Performance and Personal Best, with golfers wanting to play as many rounds as possible, with ambition to get better. At present golf is about winning some absurd prize off a dodgy handicap and leaving good players and juniors wondering why they play at all. We hope to get it off and running for clubs to adopt. The AGCO committee is called COUGH – that's Community (or committee) of Unified Golf Handicapping.

Join COUGH and have a voice on handicapping by emailing [edward@viv.co.uk](mailto:edward@viv.co.uk) or phone Viv on 07956 628338.

## **CHUCKING OUT THE PARASITES**

We must join together to stamp out the high and disgraceful commission from Your Golf Travel and Golf Breaks. Be warned about the creeping cancer of Golf Now and others. The strong men who ran AGCO from 1993 to 2005 have retired, gone abroad or died (sadly). We need more to take their place. We need a spokesman! Is there someone out there strong enough to gather everyone together and stand fast against this? We have to hold our prices. Who on earth wants Golf Breaks taking 20% commission? UKGCOA has them as a Diamond Sponsor, so presumably they do. And how about Your Golf Travel? England Golf has them as a main sponsor. They encourage them, as did the GCMA at a conference!

Golf is being demolished in some areas by these agents forcing prices down. You can now stay at a very posh golf hotel with DBB and two rounds of golf for the price your lady members might spend on a hair-do, or your teenagers spend on a pair of trainers! And counties and EG are equally determined to cut the price of golf. County associations are made up of the members of member-owned clubs and the customers and consumers of proprietary ones. And that goes forward to regions and England. Their whole mission seems to be to get golf as cheaply as possible. County cards and all!

Make golf cheap and all these swarms of new golfers will turn up. No they won't. All these taster days and freebees are having no effect other than drive down the price of lessons. Simple question; have you ever done a parachute jump? It wouldn't matter if they had a taster day for parachute jumping for £3 at our local airfield, if you don't want to do it. It would just bring parachute jumping businesses to their knees.

Can we please hear from golf hotel and course owners who willing to join forces to cut commission and stop these bloodsuckers leeching on our industry. A spokesman please!

## **REDUCE VAT for SPORT**

With the General Election looming we will probably form a political party just to deal with this issue. Reduce VAT for Sport. At £500 a throw for the deposit it should be worthwhile.

We are looking for right thinking, fun loving individuals who would like to stand. Someone needs to stand against the Minister of Sport. Who is the Minister of Sport. "I do know. Yes I do. I'm just trying to think of his name." You don't know at all. Because it's Helen Grant – not some man whose name you can't remember. So someone needs to stand against her!

Then someone in the Chancellor's constituency – with all those tasty Cheshire members' clubs paying no tax and fiddling the liquor licences! And he knows about Reduced Rate VAT because he cut BINGO from 20% to 10% in 2014. Then someone in Scotland needs to run against Treasury man, Danny Alexander MP. He knows about Reduced Rate VAT because he got a cut to 5% VAT for chairlifts in the Cairngorms as small transport. Help for Mrs. McTavish returning from Morrisons with the haggis and oatcakes!

There are two aspects of Reduced Rate VAT for sport. One is playing sport and the other watching sport. Some countries have one exemption; others both. So we might get some football fans on the case, particularly in the North West.

So roll up if you would like to stand for Parliament. Don't panic you won't get in. But have a voice! Some day we will get justice for the proprietary sports sector and the General Election seems as good a chance as any. Yes, UKIP might like to put forward our proposal in their manifesto for the Election. Sport is typical of the mess that can be caused by Europe.

It's not as funny as it seems. They thought Nigel Farage was a loony. Now look at him. He is a loony and we love him!

## **COMMUNITY AMATEUR SPORTS CLUBS (CASC)**

This disgraceful legislation, which came into being in 2002, allows clubs registered for CASC to get an 80% business rate relief. Some of these clubs have been involved in this scam for 10 years. Clubs like Langley Park in Kent, and Ealing in West London save over £50,000 a year on business rates – and these are tax cheats you are trying to compete with. Why cheats? Simple. The CASC clubs should only sell food and drink as a social add-on to playing sport. Guess what – there are over 80 of these CASC cheating golf clubs with businesses for wedding receptions – all disallowed under CASC. Then there are those that break all the CASC rules with their hotels on site, their conferences and grabbing everything they can. Don't just sit there. Report it! Local authority finance officers are on the case.

One of the worst is the luxurious **Huddersfield Golf Club** at Fixby Hall. They even have a license to hold civil ceremonies (civil weddings) and you cannot be CASC registered and do that. Huddersfield's wedding business is such a success that the Huddersfield GC President announced at the 2013 AGM and in the report for 2013 at Companies House (for all to see) that the club already had bookings for 10 civil ceremonies for 2014 and hoped to get plenty more. So what does England Golf think of that disgrace? Simple – **the 2013 president of Huddersfield Golf Club was the President of England Golf in 2013.**

In 2013 AGCO made a STATE AID complaint direct to the European Commission last January, saying that the CASC subsidies in golf are unlawful State Aid. We hope counsel's opinion will support our case.

### **THE CASC CONSULTATION**

The Government/Treasury had an extensive review and consultation of the CASC regulations. AGCO put in two full and detailed reports on CASC, one prepared by a solicitor and referring to all the legal issues, and the other prepared by a chartered accountant. Each report ran to about 40 pages. We

reported the abuse and explained the commercial trading by CASC registered golf clubs. We suggested changes to the law.

By contrast this is the laughable summary of the 2 page response Andy Lloyd Skinner filed for the **UKGCOA**: *"Our proposal is as follows: Remove golf from the list of eligible sports for CASC and provide the estimated £12m, in business rates relief currently, in the form of a targeted grant to England Golf and the other home golf unions, as the recognised representative bodies for amateur golf, for them to distribute according to the community focused criteria as they see fit."*

### **UKGCOA wants it to go to England Golf – their masters!**

The AGCO proposals have been largely adopted by HMRC in new legislation. Our AGCO CASC man continues to speak to HMRC in trying to ensure CASC is faded out for the big golf clubs.

### **LICENSING**

You may think liquor licensing is trivial. But remember that members' clubs competing with you probably only have club premises certificate. They aren't allowed to serve drink other than to members and bona fide guests. Not to societies, weddings, nor to hire out rooms. And charging more to non-members to make money is unlawful. That's members' discounts. We've found one giving a 30% discount to members, in other words charging 42% more to visitors.

We have asked England Golf whether they are prepared to withdraw Golf Mark from clubs that break the law with CASC or liquor licensing! Members' clubs aren't your dear, sweet neighbours. They are squeezing the life blood from the proprietary sector and we have to fight back and stand together. The UKGCOA Chairman, Colin Mayes, works for the Guinness family, so not much hope of UKGCOA fighting this one! It's too wet! It's too ineffectual, too lazy, too bound up with the big players!

## **AGCO AND THE UKGCOA**

Just in case it isn't clear that we are not the UK Golf Course Owners' Association and our aims are very different. The UKGCOA was first set up as GOLF COURSE OWNERS ASSOCIATION (ENGLAND) LIMITED, becoming the UKGCOA in 2010. It is strongly linked and partly funded by England Golf. Lead director, John Weir, is a director of **THE ENGLISH GOLF UNION LTD** and **WOODHALL SPA GOLF MANAGEMENT 2005 LIMITED**. You can see it all on [www.companycheck.co.uk](http://www.companycheck.co.uk)

That new association was formed after discussions between Vivien Saunders and John Weir of Crown Golf, in which she suggested that these big players should support the continuing struggle to equalise tax. Their response – to pull the rug from AGCO's feet, form the UKGCOA and pretend AGCO didn't exist!

It is so England Golf based that the UKGCOA says of itself: "**The UKGCOA is the representative body for all commercially minded golf facilities and will lobby on issues by working closely with golfs governing body England Golf, plus other organisations such as the PGA, BIGGA ..**" They push forward England Golf without even acknowledging the R and A, Ladies' Golf Union, Golf Union of Ireland, Scottish Golf Union, Scottish Ladies' Golfing Association and the Golf Union of Wales. It isn't the UK; it is England. And that's because of that very strong link. And that's why they simply won't rock the boat on the real things worrying golf course owners. At AGCO, by contrast, we have the whole of Northern Ireland on board, all but one proprietary clubs in Wales, and major players in Scotland.

### **UKGCOA CLAIMS**

"Set up in 2010, The UKGCOA is the representative body for the UK proprietary golf course sector and we provide a variety of services on behalf of our members:" Wrong – you are one of the two representative bodies, the other being AGCO, set up in 1993, and with a long track record of success in the tax issues!

The UKGCOA makes the headline claim: "*As part of membership benefit, UKGCOA members are the first to know of all major activity in the fight for a fairer ruling on taxation*". This, quite frankly, is utter nonsense, with no recognition for the work and success of AGCO for the last 21 years. The information the UKGCOA has on tax is what they have gleaned from AGCO. In fact one UKGCOA director, writing about tax, sends his draft magazine articles for AGCO to check, edit and correct for UKGCOA!! They are so keen to cuddle up to England Golf but want AGCO to do the work!

The UKGCOA is not at the forefront of tax work. We can give ideas of things they could do, but aren't. In fact, we say that in the 4 years 1 month the UKGCOA has been in existence it has not achieved anything at all and has just made AGCO's life more difficult. And frankly, that has been England Golf's aim – to water down AGCO's work for the proprietary sector. They have written as much!

### **UKGCOA PROMOTIONS**

Who is being promoted on the UKGCOA website. Firstly, it's **Burhill**. "*BGL Golf, the UK's leading course owner and operator, has been awarded a five-star rating by The Food Standards Agency at each of its 10 venues ... **Colin Mayes**, BGL chief executive, said: "With food and beverage sales accounting for more than a third of our business, it's important we safeguard this revenue and develop it further in the coming years."* Easy when Burhill has been owned by the Guinness family since 1907! **And who is Colin Mayes? The Chairman of UKGCOA!**

Next to publicise themselves is **Crown Golf** –also "the largest golf operator" – with publicity for their Foot Golf. Crown's Chief Operating Officer is UKGCOA director, Stephen Towers.

Also part of UKGCOA is **MyTime** – that huge 'charity' – eating up the municipal courses, with all their VAT, tax and business rate subsidies. The industry shouldn't be cuddling up to MyTime, but kicking them as far away from us possible.

## **ENGLAND GOLF AND TAX CASES**

### **THE DIDSBURY DECISION – the flexible memberships!**

PKF accountants, who act for England Golf, got a VAT ruling for Didsbury Golf Club that has really destroyed the finances of golf. A members' club could have members paying a tiny subscription plus green fees, with no vote or membership qualities, and still get it all VAT exempt. Hence the £5 associate member and flexible memberships. They have destroyed the market for proper golf clubs memberships. England Golf actively promoted this, producing a disaster from which golf may take 25 years to recover. But they failed to tell these clubs that corporation tax is due on these flexible fees. As ever, member-owned clubs fiddle their corporation tax. And the UKGCOA is too 'nice' to protest. So AGCO is - and being heard! Right at the very top of HMRC.

### **BRIDPORT – heavily promoted by England Golf**

The next disaster for proprietary golf is the Bridport case. KPMG ran this case with dear little Bridport and 457 clubs standing behind them? Why Bridport? KPMG couldn't use their own clients, Clitheroe, because they, like every other members' club, fiddles their corporation tax and the judge might have realised!

### **BRIDPORT AND PREFERRED LIES!**

Remember the Bridport case was about getting VAT back on green fees. When asked about the £92,000 of green fees, Bridport's accounts man deceived the judge by telling him that green fees were just individual local people or tourists playing golf. He and KPMG hid from the court that these green fees included 47 corporate days and societies, where the VAT treatment would be different. That's like saying: "I hit my wife on the head with a paper bag and it was just unlucky she fell downstairs and died" without mentioning that the paper bag contained a 10 pound hammer! The judge was misled. KPMG's solicitor supported that untrue evidence. The case went to Europe and thanks to KPMG, members' golf clubs could get up to £500 million in VAT refunds back to 1990.

KPMG and England Golf fight the side of those member-owned clubs. We've got copies of the EGU letters that started it all – AGAINST US, the proprietary clubs. How can we support EG?

AGCO made applications to the Tax Tribunal, and presentations to the European Commission and the Irish Government in an attempt to stop these refunds. AGCO is fighting it all the way for you. Not UKGCOA! And WE are being listened to, very high up!

## **THE BRIDPORT JUDGMENT**

The judgment was NOT as KPMG, Andy Lloyd Skinner, UKGCOA suggest, that the clubs get VAT back on green fees, nor is it that green fees are VAT exempt. It is different. It is that the exemption cannot be limited to memberships. Because the VAT exemption is for services closely linked to sport supplied BY non-profit making organisations TO individuals.

It has taken plenty of hard work, but HMRC now fully realises that golf club accounts showing 'green fees' or the 'temporary membership' scam include green fees sold through tour groups and booking agents. They are not supplied BY the club. They also include all those societies and corporate days, not supplied TO the individual. And it's AGCO that has been listened to and provided help to HMRC. Not the UKGCOA. They have neither the energy nor skill. HMRC's new guidance policy on VAT and green fees will reflect AGCO's work.

**Remember - the UKGCOA is a client of KPMG.** They have joined forces with England Golf and instructed KPMG in an **act of lunacy**, to ask the Treasury to adopt 5% VAT for golf only. The Chancellor would be laughed out of the Commons if he gave a VAT concession for golf alone. If AGCO had been involved, we would not have used KPMG, who act for the enemy. We would have ensured we dealt with all 118 sports within VAT and the 358 national governing bodies. Why think so small instead of doing a proper job? But some people scratch with the chickens and others fly with the eagles! Cluck, cluck, Boys! It's a yolk! Make ours scrambled.

## ENGLAND GOLF AND AFFILIATION FEES

One issue is the determination of England Golf and counties to extract affiliation fees from YOU for all your golfers. AGCO got a ruling and concession from Customs and Excise in 2000 which ruled that we could pass the fees on VAT exempt providing the liability was that of the golfer. The EGU promptly reneged on their agreement with Customs and changed their rules to read: "Failure by a Playing Member to pay such annual disbursement shall not exonerate his or her Affiliated Club from its obligation to pay the annual affiliation fee for that Playing Member".

The three AGCO men on the EGU - Bob Simmons, Mike Reid and John Drake - were removed when they protested. AGCO lost its representation. I was punished by Paul Baxter, the EGU CEO (and recent EG President), in removing my club's standard scratch and the men's handicaps for daring to ask whether I had to pay for men who hadn't renewed. Not refusing to pay; simply asking. The AGCO men protested that the EGU had used £23,000 of EGU affiliation fees to pay the VAT on members' fees at Woodhall Spa. It's all in the AGM minutes! AGCO was removed! Now you have weak representation with the UKGCOA.

AGCO still objects to England Golf promoting their business against proprietors. Your members can register on England Golf with their CDH number and get discounts, like a Your Golf Travel voucher. That voucher can drive golf breaks away from your golf hotel business. EG promotes these agents which are dangerous parasites within golf. And look at the UKGCOA, with its diamond sponsorship from Golfbreaks.com - another of the lethal bloodsuckers, taking 20% plus from a broken industry.

**We should be fighting these industry bloodsuckers and driving down their percentages – not promoting them.**

Remember, a director of THE ENGLISH GOLF UNION LTD and WOODHALL SPA GOLF MANAGEMENT 2005 LIMITED, started the UKGCOA. AGCO is YOUR voice; the UKGCOA is EG's voice.

Search for *Vivien Saunders* "GOLFING CHEATS" on KINDLE!!

Read the truth about the members' clubs tax cheating!

## **AFFILIATION FEES – NAME THE MEMBERS?**

Counties are now starting to send out their notices for the 2015 affiliation fees. Numbers for England Golf are based on the headcount from June 30<sup>th</sup> 2014. Most counties base it on January 1<sup>st</sup> 2015. Now the message coming out from counties is that you only have to pay for England Golf and a county at the player's Home Club for handicapping purposes.

- Is that a concession that if the golfer doesn't want a CONGU handicap he has no home club for handicapping purposes and no fee need be paid?
- And when is the Home Club rule taken? Is it June 30<sup>th</sup> 2014, or January 1<sup>st</sup> 2015, or the date you collect the money or the date you pay it? It's a real dilemma!!
- Fortunately members' clubs are equally miffed at the rules. The one that they object to is county secretaries who asked for a headcount in July or August and insist on a **full list of club members' names**.
- AGCO always said CDH was to collect a database of members to market direct to them. Oh dear!

As usual England Golf hasn't thought it out properly. Counties can pick up the pieces! And members' clubs are grumbling!

By contrast, Scotland is far clearer. "The SGU recognises that some individuals are members of more than one affiliated club. However, as the Annual Affiliation Fee is a charge made on affiliated golf clubs and not on individuals, the Annual Affiliation Fee is therefore calculated on all Adult Male Playing Members at each club".

**Typical of the Scots – TIGHT but RIGHT!**

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**The Association of Golf Course Owners (1993) is a  
company limited by guarantee Co No 8414445**

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To enquire about AGCO's work or to make a donation for the work we do, phone 07956 628338 or email us at [viv@agco.org.uk](mailto:viv@agco.org.uk)

To register with AGCO complete the form below and return it to us with any donation you can make, relevant to the size and prosperity of your business. All work done by AGCO committee members is as volunteers. So far over 160 clubs have registered with AGCO to help with legal cases, giving support, evidence for cases, time and financial donations – from £50 to £5,000

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