

## SPONSORSHIP

**The Honorary Treasurer must be informed in writing of all sponsorship obtained for the College before the sponsorship arrangement is accepted.**

There are two issues concerning corporate support for College activities which all staff and Officers need to be aware of:

### 1. Sponsorship

Where an outside organisation supports a College activity and there is use of that organisation's name and/or logo in connection with that activity this is regarded as sponsorship. This means it will be regarded as a contractual arrangement rather than a grant arrangement. It will therefore be VATable activity. This should not have any impact on the supplying organisation as it will be able to recover the VAT. It will also ensure that they can include the charge as an allowable deduction for Corporation Tax. A contract arrangement is also beneficial, in one sense, for the College in that if we do not spend the full amount of the contracted fee we do not have to return unspent funds: with a grant there may be a requirement to return unused funding.

### 2. Trading activity

Charities are able to trade and such trading will be regarded as either "primary purpose trading" or "non primary purpose trading". *The taxation rules for charities allow the College to "trade" as long as the trading is connected with the delivery of its charitable objects. Thus the delivery of Congress, training courses, seminars and sponsorship are regarded as primary purpose trading. These are charitable activities and even if a profit results from this it is not chargeable to taxation.*

The College is allowed up to £50,000 of "non primary purpose trading" activity in any financial year. At present the other activities that are classified as non primary purpose trading are the advertising income in the Congress programme, the advertising in *College News* and any hiring of accommodation at the College to a third party where the hire charge includes an additional service such as catering. Once the College exceeds the £50,000 limit it is liable to Corporation Tax on all its non primary purpose trading activities and this will involve agreeing what expenses can be set against this activity. Where sponsorship amounts are in excess of the cost of the activity they are sponsoring this also may be regarded as "non primary purpose" trading and will count towards the £50,000 limit.

### **Commentary**

*At present the College can recover a significant amount of the VAT it suffers. The arrangement has been agreed with HMRC after considerable time and effort and it would not be productive to reopen the matter again.*

### **College Guidelines concerning sponsorship arrangements:**

1. All sponsorship received on behalf of the College should be fully acknowledged in the financial section of the annual report

2. Educational material that includes a logo or notice that it has been supported must have prior approval from the Honorary Treasurer
3. All sponsorships should be confirmed in a written agreement which covers, inter alia, the value of the sponsorship, the extent of any use of corporate logos and publicity materials and the duration of the sponsorship. The sponsorship agreement should also confirm that the College does not endorse any product, service or procedure associated with the sponsor
4. Hospitality from sponsors, e.g. catering at meetings, should not be lavish and should be appropriate to the nature of the event
5. It is necessary to avoid multiple approaches to the same sponsor to ensure that there is no inadvertent competition between projects seeking sponsorship. Therefore no individual Officer, Council Member, Member or staff member may seek sponsorship for College related activities without first obtaining the approval of the Honorary Treasurer. This is to prevent small sponsorship projects placing in jeopardy larger projects. The College monitors its dependence on funding from the pharmaceutical and medical supply industry and this reference to the Treasurer is one check that the College does not become over exposed to any one commercial organisation
6. Sponsorship for research should be encouraged, but must be under the control of the researcher who must retain freedom to publish results both positive and negative.
7. Organisers of regional meetings accepting sponsorship on behalf of the College must declare the value of the sponsorship in full and give details of how the money is spent. Unless otherwise agreed in advance, any unspent money must be sent to the Honorary Treasurer at the College
8. Sponsorship for other activities – such as Fellowships may bear the name of the sponsor provided College independence and integrity is maintained. Where appropriate, sponsors may have a nominee on selection panels
9. Companies taking part in the exhibitions at Congress must conform to College and OPTIC UK guidelines, additional sponsorship can only be offered and accepted within these guidelines. Gifts to individuals attending the Congress must be modest and of no significant value
10. The College reserves the right to refuse or end sponsorship