

**Imperial College Union
Board of Trustees / 23 July 2025**

Trading Subsidiary Update

Author(s): Clem Jones (Governance & Executive Manager)
 Peter Greaney (External Finance Director)
 Purpose: To outline the various documents requiring approval
 Action(s): To approve

1. Background

The Board of Trustees accepted FAR's previous recommendation that ICU work towards the creation of a trading subsidiary, with a target date of 1 August 2025 for the set-up of the subsidiary (i.e. the new financial year).

2. Initial Decisions

Delegated authority was provided by the Board to a subgroup of trustees¹ supported by relevant staff - to progress work towards this, including some initial decisions. An update is provided below on the initial decision areas which have been progressed:

Area	Decision
Trading Subsidiary name	Imperial Union Trading Ltd
Initial directors	Nick Marley, Nico Henry, Tom Newman, Rob Pegg. (This is 1 external trustee, 1 Officer Trustee and 2 ICU staff). The trustee subgroup proposes adding a student trustee as a director asap after 1 August. Following the Union President's consultation with incoming student trustees about subcommittee appointments, the trustee subgroup proposes Lilia Evans be added as a director asap after 1 August).
Whether there will be a Company Secretary	Concluded not needed (but provision retained in draft Articles of Association in case needed later)
Who will hold the share (£1 proposed) for the subsidiary as a company (needs to be single individual trustee, from whom ownership would transfer).	Phil Power has agreed to be the initial shareholder.
Finalisation of draft Articles of Association and other documents – including a framework agreement, deed of covenant, loan agreement and debenture - for the subsidiary (prior to final sign-off at the end of July), and to incorporate the subsidiary as a company	Documents have been prepared for sign-off as part of this agenda item (please see below). At the time of writing (16 July), an incorporation agent is facilitating the incorporation of the trading subsidiary company, and we can provide a status update on this at the Board meeting.

¹ Comprised of: Camille Boutrolle (succeeding to Nico Henry from 1 August), Nick Marley chairing the sub-group, Stephen Richardson and Monica Jin Yang (to succeed to an incoming Student Trustee from 1 August)),

3. Legal Documents

Bates Wells (lawyers) were engaged to provide support in relation to the following.

Approvals process: -

Because the parent charity, ICU, is an unincorporated association, contracts and agreements are entered into on its behalf by its trustees from time to time; and transferred to new individuals when the previous ones cease to be involved in the charity. As there will be trustee turnover on 1 August 2025, it is recommended Board approve and delegate authority to two trustees* to sign the arrangements on 23 July, but then we have them signed on 1 August on behalf of the trustees *at that point* (i.e. on behalf of the new trustees for 2025-2026). This is why some of the documents listed below (viewable in full in the Exhibition Book) have the names of the 2025-2026 trustees rather than the current/outgoing ones.

*Section 333 authority: -

As noted above, since ICU is unincorporated and therefore contracts and agreements are entered into on its behalf by its trustees, it would be simpler for two trustees to sign the documents on behalf of all of the trustees of ICU. With unincorporated charities this is commonly done by way of a resolution under section 333 of the Charities Act (2011). Trustees are therefore asked to resolve as follows (for simplicity we have provided that it allows for the execution of all deeds and documents on behalf of ICU but that it is time limited for three months): -

In exercise of the power conferred by section 333 of the Charities Act 2011 we resolve that, for the period of three months after the passing of this resolution, any two of the charity trustees of the Charity from time to time be authorised to execute any document to which the charity trustees of the Charity from time to time are a party with the intention that any document executed under this authority will have the same effect as if executed by all of the charity trustees of the Charity.

Delegated authority for any final revisions following the Trustee Board meeting: -

Bates Wells recommend as standard that authority is delegated to any two trustees to agree any final revisions to the documents after the meeting. The relevant resolution that the Trustee Board is therefore being asked to agree to (and which will appear in this Board meeting's minutes) for each of the documents in the table below is: -

"The Trustees approve the [Documents] and authorise their execution by any two trustees pursuant to the s333 resolution [above], subject to any final amendments to [the Documents] as may be approved by those trustees, such approval to be evidenced by their execution of [the Documents] as amended.

Documents

The table overleaf provides a summary of the various documents presented to the Board of Trustees (in the Exhibition Book) and the decisions requested of the Board of Trustees:-

Area (and action)	Purpose	Any explanatory notes
Articles of Association (To approve)	Written rules about running the company agreed by the shareholders or guarantors, directors and the company secretary	~
Deed of Covenant (To approve the arrangements, including noting that it is intended for the company to enter into this arrangement)	If charities and their trading subsidiaries want to account for gifts of profit from the subsidiary to the parent in the year the profits were made, where the gift will not be physically paid to the parent until after the year end, they should ensure that they have Deeds of Covenant or Deeds of Gift in place before the relevant year end.	The trustees of the charity do not need to sign the deed, but both entities should <i>approve the arrangements</i> which could include the <i>charity noting that it is intended for the company to enter into this arrangement.</i>
Loan Agreement, Debenture, and Framework Agreement (to approve)	<p>If the Union needs to provide seed funding or future funding to the subsidiary (to cover its costs), it will need to do so under a loan agreement and debenture agreement. This is because a charity cannot subsidise non-charitable trading activity.</p> <p>The Framework Agreement will set out the working relationship between the charity and the subsidiary. The agreement will contain an element of licencing and resource sharing and will set out how the charity and its subsidiary will relate to and work with each other.</p>	~
Declaration of Trust of share	Because the Union is unincorporated, it will be necessary to confirm that the individual/s holding the share in it are bound to act only on behalf of the Union.	Phil will execute these documents, but they are being presented to the Board because they are relevant to the decision that the share is being held by an individual <i>at the direction of the trustees.</i>
Stock Transfer Form	Whoever is nominated to hold the share of £1 in the Trading subsidiary will be required to execute an undated stock transfer form in relation to the share which, ICU can then use if necessary to transfer the share to someone else	

4. Summary of Recommendations

In summary, Board is asked to:

- Resolve to use a section 333 authority, as per the wording under section 3 of this paper.
- Resolve to delegate authority to any two trustees to agree any final revisions to the documents after the meeting, as outlined and explained under section 3 of this paper.
- Resolve to approve the transaction as a whole and approve/note the relevant documents/arrangements outlined in the table in section 3 this paper, as per the resolution wording detailed in section 3. The relevant documents are:
 - Articles of Association (approve)
 - Deed of Covenant (approve the arrangements and note it is intended for the company to enter into this arrangement)
 - Loan Agreement (to approve)
 - Debenture (to approve)
 - Framework Agreement (to approve)
- To resolve to approve and execute such further documents or take such further steps as are necessary to give effect to the transaction
 - This would include, for example, Phil executing the Declaration of Trust of Share and executing an undated stock transfer form.

Documents/appendices to this paper in the Exhibition Book

- a. Articles of Association
- b. Deed of Covenant
- c. Loan Agreement
- d. Debenture
- e. Framework Agreement
- f. Declaration of Trust
- g. Undated Stock Transfer Form