



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Approval

Date: **10 FEBRUARY 2020**

Title: **Trading Company**

Report of: Chief Fire Officer

SUMMARY

1. This report provides an explanation for the Hampshire Fire and Rescue Authority (HFRA) of a change that is proposed to be made to the legal structure of 3SFire, of which HFRA is the sole shareholder. This report provides information relating to the existing structure of 3SFire, as a normal trading company limited by shares, and the proposal of 3SFire's board (the Board) that 3SFire should be re-registered as a community interest company (CIC).
2. This report recommends that HFRA, as 3SFire's sole shareholder, agrees to the CIC conversion, on the basis that the change of status would take place early in the new financial year, and that HFRA should approve the necessary steps that need to be taken to facilitate the conversion and related changes in governance.

BACKGROUND

3. The ongoing strategic review of 3SFire's business activities includes a commitment to investigate whether 3SFire would benefit from a different legal structure that could enhance its ability to deliver its objectives on behalf of its shareholder and stakeholders. 3SFire's future objectives are themselves a subject of review within the business strategy process. However, the current mix and direction of 3SFire's trading activities have been somewhat different in recent years to those envisaged when 3SFire was first established in 2013. The adoption of a normal company structure with liability limited by shares was originally seen to be advantageous to maximise financial returns from large commercial contracts with partner organisations. For various reasons, 3SFire did not pursue this type of business, but it has nevertheless made a sustained and valuable contribution to HFRA through a diverse portfolio of other trading activities.

4. Regardless of how 3SFire's future business strategy evolves, the fundamental ability to trade (and in so doing make a financial contribution to HFRA through the utilisation of HFRS's spare staff/premises capacity) and make profits (with the option to pay dividends) will remain as valid priorities. However, the Board considers that at the same time 3SFire should now make an explicit commitment to its ongoing role in promoting community benefit to reflect how 3SFire has evolved. Therefore, this report sets out the benefits, regulation requirements and process for a possible conversion of 3SFire to a CIC, being, in the Board's view, the most appropriate alternative company format versus the current structure.
5. The 3SFire Stakeholder Committee (the Stakeholder Committee) discussed the proposal to convert the legal structure to a CIC at their meeting on 11 November 2020. The Stakeholder Committee supported the proposals for the change that are outlined in this report, subject to the approval by HFRA.

WHAT IS A COMMUNITY INTEREST COMPANY (CIC)?

6. The Government created the CIC legal structure in 2005 for businesses which trade with a social purpose or that carry on other activities for the benefit of the community (often referred to as "social enterprises" or "community enterprises", although these terms do not in themselves have any legal significance). Over recent years the CIC business model has become well-established and respected with over 10,000 CICs now registered.
7. The CIC structure was designed to allow organisations to secure official recognition of a wider social purpose by accepting an obligation to share their prosperity with the community. Social enterprises established as CICs can use their legal status to promote their social mission and are often able to attract grant funding that is not available to "normal" companies, whilst still providing some measure of reward to members.
8. It is important to note that a CIC is a normal company for most purposes and, as for most companies, the liability of the company's owners (its "members" or "shareholders") for the company's debts and other obligations is usually limited to a nominal amount. It is the ownership of shares that allows for profits generated through trading activities to be paid to a company's members, albeit in the case of a CIC the amount that can be paid is restricted, as explained further below. CICs cannot be charities, where the members cannot receive any benefits, although they may have charitable objectives as part of their mix of activities.

RESEARCH CARRIED OUT

9. In contrast to 3SFire, when the first cluster of Fire and Rescue Authority fire trading companies was set up 7-8 years ago, the majority were established

using the CIC legal structure rather than as normal trading companies or as charities.

10. Discussions have taken place with a consultant advisor and board member of the largest fire trading company CIC, Humberside's HFR Solutions CIC, to obtain an understanding of how the CIC structure works in practice for a comparable organisation. HFR Solutions undertakes a wide range of commercial and community training activities related to fire and rescue activities, emergency/crisis management, workplace safety and consultancy. In addition to the indirect financial support that HFR Solutions provides to Humberside Fire and Rescue Service through use of its spare capacity, it has provided a wide range of community benefits. Some examples include defibrillation installations and training, PPE provision, testing fire service equipment, wrapping of fire service vehicles to promote partnerships, safer working seminars and initiatives with a wide variety of charities. This work generates positive stakeholder relationships across the community for both HFR Solutions and the Fire and Rescue Authority, with a significant social enterprise value.
11. Should 3SFire convert to a CIC, it is proposed that its objects and activities would be broadly the same as those of HFR Solutions.

CIC BENEFITS AND REGULATION

12. CIC status provides a clear commitment to social and/or community goals which may improve 3SFire's image, both internally and externally. Given the historical sensitivities amongst some within HFRS towards commercial trading activities, the CIC format could help to reposition 3SFire in their thinking and strengthen widespread "buy in". The CIC format could also provide additional reassurance to all stakeholders and partners.
13. The community of Hampshire and the Isle of Wight could benefit from the CIC in several ways. The change could enable 3SFire to explore a range of new activities, including community-related projects and support for HFRA's non-statutory priorities. It may also enable collaboration with, and contributions to, HFRA-associated charities such as Blue Lamp and The Prince's Trust. The CIC format could therefore allow 3SFire to move onto the front foot with its public relations profile and communications, after many years of sensitivity in some quarters regarding its trading activities.
14. The regulatory safeguards associated with CICs provide an extra level of protection and distance for HFRA, with the added benefit of recognition by a Government regulator that 3SFire's activities are contributing to the community in a positive manner. At the same time, HFRA could benefit from the association with an organisation that makes positive contributions to, and is publicity associated with, relevant fire, safety and charitable activities in the community.

15. The conversion to CIC status would have no impact on the current range of trading activities that 3SFire undertakes to generate income: including activities that generate income for HFRA through 3SFire's use of HFRS's spare staff/premises capacity. However, as noted above, some additional forms of funding, including grants or donations, may become available to 3SFire as a social enterprise trading as a CIC that are not currently available. The CIC structure continues to provide limited liability for HFRA as the sole shareholder on the same basis as at present, albeit the amount that HFRA is entitled to receive as a dividend is subject to some limitations, as is explained further below.
16. Once converted to a CIC, 3SFire would have continuity of purpose to provide community benefit until it is wound up, dissolved or (if that were thought to be appropriate) converted into a charity. However, if 3SFire were ever dissolved, any assets that remained after making provision for liabilities are "locked" for the benefit of the community and must be transferred to another CIC or charitable body.
17. The initial conversion process is straightforward and ongoing additional regulatory oversight is not onerous, expensive or time-consuming. The main change is that a CIC has to send an annual report to Companies House summarising its activities and how they have provided community benefit: to ensure transparency information needs to be included about directors' remuneration and the use of company assets. The CIC Regulator can investigate and take action against CICs if they are not operating as a social enterprise, therefore demonstrating that community benefit is of real importance.

THE CONVERSION PROCESS

18. If a change to the legal structure is approved, HFRA will need to pass shareholder resolutions to approve the conversion to a CIC. to change the "Ltd" in 3SFire's name to "CIC" and also to modify 3SFire's core constitutional document, its Articles of Association. The precise wording of the resolutions that the Board proposes can be found in Appendix B of this report.
19. 3SFire's Articles of Association have been revised and updated using the Government's "Model Articles" for CICs (see Appendix A). Other Fire and Rescue Authority CICs like HFR Solutions (another example would be Norfolk Safety CIC) have also used the Model Articles as the basis of their Articles of Association, since it is the preferred format for the CIC Regulator.
20. As with other CICs, additional shareholder governance controls have been included in the Articles to protect the interests of the Hampshire and Isle of Wight Fire and Rescue Authority (from 1 April 2021) over and above the standard provisions to be found in the Model Articles.

21. Once passed, the resolutions need to be sent to the Registrar of Companies with a completed application for conversion to a CIC (with a nominal fee). The application will include details of the community benefits that 3SFire intends to pursue and the activities that it proposes to undertake (so basically describing what 3SFire does already) so that The Regulator of Community Interest Companies (the CIC Regulator) can determine if 3SFire satisfies the “community interest test” for CIC status.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

22. Communities: The HFRA Safety Plan 2020-2025 commits to making life safer in our communities. A conversion of 3SFire to a CIC supports a priority to work with partners and communities to deliver accessible services. A CIC would provide specific support and benefit to the community and build trusted relationships.
23. Public Value: Through the HFRA Safety Plan 2020-2025, HFRA commits to ensuring efficient and effective public services. The conversion of 3SFire to a CIC would support this ethos through its support for the provision of fire safety advice, training and expertise.

RESOURCE IMPLICATIONS

24. There are no resource implications for the conversion of 3SFire to a CIC. The conversion will be carried out utilising existing people resources.

IMPACT ASSESSMENTS

25. An impact assessment has been completed and has not highlighted any impacts on people. The financial impacts are explained in the legal and risk section of this report.

LEGAL IMPLICATIONS

26. Legal advice has been obtained from Hampshire Legal Services (HLS), Hampshire County Council’s in-house legal practice. HLS’s advice has informed the preparation of this report and is summarised below. HLS does not consider that there are any legal reasons why the conversion should not proceed.
27. The CIC restriction on how 3SFire can use its assets (“the asset-lock”) comes into effect from the moment that 3SFire is re-registered as a CIC. 3SFire’s only significant asset at this time is its cash reserves which would be unaffected by the conversion and simply be carried over into the new CIC structure. Post-conversion, potential dividends are restricted to ensure that profits are generally applied for the benefit of the community. This “dividend cap” means that where a shareholder is not itself an “asset-locked body” (which the CIC Regulator has confirmed to be the case with a public

body such as HFRA) the maximum dividend for any financial year is 35% of distributable profits. As noted above, this does not have any impact on 3SFire continuing to utilise HFRS's spare staff/premises capacity on commercial terms.

28. As for any other CIC, the question of whether 3SFire should in fact declare a dividend will depend on the performance and prospects of the company. The CIC Regulator has stressed that the fact that a certain level of dividend can be paid does not mean that it should be paid, but to the extent that profits are not distributed (or retained to provide adequate reserves) they should normally be used to provide community benefits. This would not be achieved by 3SFire providing, or directly funding, HFRA's statutory services as, arguably this would benefit HFRA, rather than the community at large. By contrast, benefits which complement HFRA's statutory duties would be appropriate (e.g. promotion of fire prevention or funding a staff charity that contributes to operational resilience). There does not appear to have been any concerns expressed by the CIC Regulator about these sorts of activities.
29. So far as 3SFire's suppliers and customers are concerned, there is no reason why the change in status should have legal significance given that 3SFire's identity will not change. There is no risk to the current employees of 3SFire, as the change in status of their employer will have no effect on the employment relationship. That being said, suppliers, customers and employees should be notified about 3SFire's new status (including the technical change of name) and this will also be an opportunity to provide the positive story about the new CIC status. Once the CIC conversion is completed, 3SFire's new status should be publicised on its website and in all written communications.
30. Another aspect of the asset-lock is that a CIC cannot return capital to shareholders. So if there is ever a decision in the future to close 3SFire, its then assets (after payment of liabilities) would have to be paid or transferred to another "asset-locked body" (as noted above, not HFRA).

OPTIONS

Option one: Convert 3SFire into a CIC

31. This option would allow 3SFire to be converted into a CIC and for the benefits to the community detailed within this report to be realised. It is anticipated that the conversion would take place as early as possible after the start of the new financial year (April 2021). As a result of this option being approved, the status of 3SFire will be changed to a CIC, with its Articles of Association being amended accordingly, but with the current governance structure unaffected. The change to a CIC will provide 3S Fire with an opportunity to re-establish itself and assure stakeholders and other interested parties that it is operating within a more appropriate regulatory

framework that expressly promotes 3SFire's community benefit. This is the recommended option and, if adopted, it would assist in redefining 3SFire's business strategy.

Option two: For 3S Fire to continue operating with its current governance structure.

32. This option results in 3SFire maintaining its existing governance structure and operating model. There will be no change to its governing documents and 3SFire will continue to operate within the current legal framework as a trading arm of HFRA.

RISK ANALYSIS

33. The conversion to a CIC does not carry any significant risks. There is no risk to the current employees of 3SFire. The process for the conversion is straightforward and the current assets will be retained within the existing governance structure.
34. The risks associated with the operation of a CIC have been carefully considered and are fully understood. The proposed changes will not have a major impact in terms of how 3SFire will operate on a day-to-day basis: 3SFire is the same company with the same company number. The only new risks are low and relate to the additional regulatory oversight and responsibilities mentioned above. 3SFire will need to satisfy the CIC Regulator on an ongoing basis that it continues to meet the criteria for a CIC, although this is not regarded as an onerous or difficult task. Whilst there will be new limitations on the payment of dividends and the return of capital by reason of the CIC asset-lock, compliance will be carefully managed in accordance with 3SFire's business strategy.
35. Discussions have taken place with the Fire and Rescue Indemnity Company (FRIC) who provide protection for 3SFire's activities to explain the proposal to convert 3SFire to a CIC. Given there would be no change in HFRA's ownership and overall control of the new CIC, FRIC had no concerns regarding the proposals and will in effect treat the conversion as a company change of name. Therefore, there are no insurance implications.

EVALUATION

36. The conversion of 3SFire into a CIC has been discussed at the Stakeholder Committee and as noted above legal advice has been obtained from HLS. The two options have been fully evaluated by the Board. If the recommended option is approved, 3SFire as a CIC will continue to be monitored by the Stakeholder Committee.

CONCLUSION

37. This report provides Members with information as to why it is recommended that 3SFire should convert to a CIC. There are several advantages and opportunities with conversion to a CIC versus maintaining the status quo. The change could be timely as 3SFire redefines its business strategy and plans its way beyond the impact of the Covid-19 pandemic. The specific proposed timing would also fit well with the end of a financial year and facilitate a smooth transition to the new legal structure.
38. It is envisaged that a decision to proceed with the change to a CIC could be implemented as soon as possible after the start of the next financial year in April 2021. Whilst Companies House does not offer the facility to convert to a CIC on a stated date, the timing would be aligned as closely as possible with the formation of the new Combined Fire Authority for Hampshire and the Isle of Wight. This timing would also avoid the need to prepare a report for the CIC Regulator to cover the final few days or weeks of the current financial year.
39. The CIC conversion would be subject to all appropriate governance, advice and legal approvals as are required by HFRA and/or its representatives throughout the process to protect HFRA's current and future interests.
40. The proposed timetable for the conversion is as follows:

11 November 2020	Stakeholder Committee approved proposal for CIC conversion in principle, subject to the approval of HFRA at a full authority meeting.
10 February 2021	HFRA asked to approve CIC conversion at full authority meeting. HFRA also to approve the text of the required shareholder resolutions, with delegated authority given to a member of the Stakeholder Committee to sign these in due course.
w/c 29 March 2021	Chairman or Vice Chairman of Stakeholder Committee to sign resolutions which, as special resolutions must then be sent to Companies House (with the application for CIC conversion) within 14 days.
w/c 5 April 2021	Written resolutions and application for CIC conversion sent to Companies House.
Likely late April 2021	Approval of CIC conversion and re-registration of 3SFire as a CIC, which takes place as from the date of the official certificate of re-registration (as noted above, it is not possible to provide a precise date for this)

RECOMMENDATION

41. That Hampshire Fire and Rescue Authority approve the conversion of 3SFire Limited to a community interest company limited by shares to take effect shortly after the start of 2021/22 financial year.
42. That Hampshire Fire and Rescue Authority approve the Articles of Association (Appendix A) to be adopted by 3SFire Limited on its conversion to a community interest company and the wording of the draft member resolutions at Appendix B.
43. That Hampshire Fire and Rescue Authority approve the change of the name of 3SFire Limited to “3SFire Community Interest Company”.
44. That Hampshire Fire and Rescue Authority authorises the Chairman or Vice Chairman of the Stakeholder Committee to sign the written member’s resolutions at Appendix B in order to implement the Authority’s decision for conversion to a CIC, with such resolutions to be signed during the week commencing 29 March 2021 and then sent to the Registrar of Companies (together with the application for conversion to a community interest company) within 14 days (as is required by the Companies Acts).

APPENDICES ATTACHED

45. Appendix A - Proposed new Articles of Association of 3SFire Community Interest Company
46. Appendix B - Proposed text of the written resolutions to be signed by HFRA as sole shareholder of 3SFire Limited

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Appendix A

Proposed new Articles of Association of 3SFire Community Interest Company

The Companies Act 2006

Community Interest Company Limited by Shares

Articles of Association

of

3SFire Community Interest Company

The Companies Act 2006

Community Interest Company Limited by Shares

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The Companies Act 2006

Articles of Association

of

3SFire Community Interest Company

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms

- 1.1 The interpretation of these Articles is governed by the provisions set out in the Schedule to the Articles.

COMMUNITY INTEREST COMPANY AND ASSET LOCK

2. Community Interest Company

- 2.1 The Company shall be a community interest company.

3. Asset Lock

- 3.1 The Company shall not transfer any of its assets other than for full consideration.

- 3.2 Provided the conditions in Article 3.3 are satisfied, Article 3.1 shall not apply to:

3.2.1 the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body;

3.2.2 the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body;

3.2.3 the payment of dividends in respect of shares in the Company;

3.2.4 the distribution of assets on a winding up;

3.2.5 payments on the redemption or purchase of the Company's own shares;

3.2.6 payments on the reduction of share capital; and

3.2.7 the extinguishing or reduction of the liability of members in respect of share capital not paid up on the reduction of share capital.

- 3.3 The conditions are that the transfer of:

3.3.1 assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the Memorandum or Articles of the Company; and

3.3.2 must not exceed any limits imposed by, or by virtue of, Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.

4. Not for profit

4.1 The Company is not established or conducted for private gain: any surplus or assets are used principally for the benefit of the community.

OBJECTS, POWERS AND LIMITATION OF LIABILITY

5. Objects

5.1 The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to provide:

- training and development services for organisations, businesses and other bodies in the private or public sectors;
- risk management and prevention services for organisations, businesses and other private or public sector bodies;
- emergency response cover additional to the statutory services provided by Fire and Rescue Services at events for organisations, businesses and other private or public sector bodies;
- risk and prevention activities for the community that are complementary or additional to the statutory services provided by Hampshire & Isle of Wight Fire and Rescue Service or any successor body;
- any other business activities or services believed to be directly or indirectly beneficial to the community that are complementary to the interests of Hampshire & Isle of Wight Fire and Rescue Authority or successor body.

6. Powers

6.1 To further its objects the Company may do all such lawful things as may further the Company's objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.

7. Liability of Shareholders

7.1 The liability of the shareholders is limited to the amount, if any, unpaid on the shares held by them.

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

8. Directors' general authority

8.1 Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

9. Shareholders' reserve power

9.1 The shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specific action.

9.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

10. Chair

10.1 The Directors may appoint one of their number to be the chair of the Directors for such term of office as they may determine and may at any time remove him or her from office.

10.2 The person so appointed for the time being is known as the Chair.

10.3 If the Chair is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

11. Directors may delegate

11.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:

11.1.1 to such person or committee;

11.1.2 by such means (including by power of attorney);

11.1.3 to such an extent;

11.1.4 in relation to such matters or territories; and

11.1.5 on such terms and conditions;

as they think fit.

11.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

11.3 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

12. Committees

12.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

12.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

13. Directors to take decisions collectively

14. 13.1 Any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 18. Calling a Directors' meeting

14.1 Any Directors may (and the Secretary, if any, must at the request of two Directors) call a Directors' meeting.

14.2 A Directors' meeting must be called by giving reasonable notice unless all the Directors agree or urgent circumstances require shorter notice.

14.3 Notice of Directors' meetings must be given to each Director.

14.4 Every notice calling a Directors' meeting must specify:

14.4.1 the place, day and time of the meeting; and

14.4.2 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

14.5 Notice of Directors' meetings need not be in Writing.

14.6 Notice of a directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

14.7 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose.

15. Participation in Directors' meetings

15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

15.1.1 the meeting has been called and takes place in accordance with the Articles; and

15.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

15.4 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall be as valid notwithstanding:

15.4.1 Any discovery afterwards that there was a defect in the appointment of any Director or;

15.4.2 that any of the Directors were disqualified from holding office; or

15.4.3 that any of the Directors had vacated office; or

15.4.4 that any of the Directors were not entitled to vote on the matter, whether by reason of a conflict of interests or otherwise;

if without :

15.4.5 the vote of that Director ; and

15.4.6 that Director being counted in the quorum;

the decision has been made by a majority of the Directors at a quorate meeting.

15.5 Article 15.4 does not permit a Director or a connected person to keep any benefit that may be conferred upon him or her by a resolution of the Directors

or of a committee of Directors if, but for article 15.4, the resolution would have been void, or if the director has not complied with article 19.

16. Quorum for Directors' meetings

16.1 The quorum for Directors' meetings may be fixed from time to time by a decision by the Directors, but it must never be less than three or one half of their number whichever is the greater number.

16.2 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:

16.2.1 to appoint further Directors; or

16.2.2 to call a general meeting so as to enable the Shareholders to appoint further Directors.

17. Voting

17.1 Questions arising at a Directors' meeting shall be decided by a majority of votes.

17.2 In all proceedings of Directors each Director must not have more than one vote.

17.3 In case of an equality of votes, the Chair shall have a second or casting vote.

18. Decisions without a meeting

18.1 The Directors may take a unanimous decision without a Directors' meeting by indicating to each other by any means, including without limitation by Electronic Means, that they share a common view on a matter. Such a decision may, but need not, take the form of a resolution in Writing, copies of which have been signed by each Director or to which each Director has otherwise indicated agreement in Writing.

18.2 A decision which is made in accordance with Article 0 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:

18.2.1 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;

18.2.2 following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 0;

18.2.3 the date of the decision shall be the date of the communication from the Recipient confirming formal approval; and

18.2.4 the Recipient must prepare a minute of the decision in accordance with Article 63.

19. Conflicts of interest

19.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.

19.2 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 18 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 20, he or she must:

19.2.1 remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;

19.2.2 not be counted in the quorum for that part of the meeting; and

19.2.3 withdraw during the vote and have no vote on the matter.

19.3 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.

19.4 When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.

20. Directors' power to authorise a conflict of interest

20.1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:

20.1.1 in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 19.3;

20.1.2 in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum;

- 20.1.3 the decision to authorise a Conflict of Interest can impose such terms as the trustees think fit and is subject always to their right to vary or terminate the authorisation; and
- 20.2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 0 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.
- 20.3 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 0 (subject to any limits or conditions to which such approval was subject).

21. Register of Directors' interests

- 21.1 The Directors shall cause a register of Directors' interests to be kept. A Director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared.
- 21.2 The Directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

APPOINTMENT AND RETIREMENT OF DIRECTORS

22. Methods of appointing and terminating Directors

- 22.1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors.
- 22.2 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director:
- 22.2.1 by ordinary resolution; or
- 22.2.2 by a decision of the Directors.
- 22.3 The Company shall not have more than 7 (seven) and no less than 3 (three) Directors.
- 22.4 A person ceases to be a Director as soon as:

- 22.4.1 that person ceases to be a Director by virtue of any provision of the Companies Act 2006, or is prohibited from being a Director by law;
- 22.4.2 a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
- 22.4.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 22.4.4 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- 22.4.5 by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- 22.4.6 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms (but only if at least three Directors will remain in office when such resignation has taken effect);
- 22.4.7 he/she is absent without the permission of the Directors from all their meetings held within a period of six months and the Directors resolve that his/her office be vacated; or
- 22.4.8 he/she in the circumstances of being an elected member or officer of any Shareholder appointed as a Director ceases to be an elected member or officer of the Shareholder who appointed him/her;
- 22.4.9 at a general meeting of the Company, a resolution is passed that the Director be removed from office, provided the meeting has invited the views of the Director concerned and considered the matter in light of such views.

23. Directors' remuneration and expenses

- 23.1 Directors may undertake any services for the Company that the Directors decide.
- 23.2 Subject to the Articles and in particular Article 3, Directors are entitled to such remuneration as the Directors determine:

23.2.1 for their services to the Company as Directors; and

23.2.2 for any other service which they undertake for the Company.

23.3 Subject to the Articles and in particular Article 3, a Director's remuneration may:

23.3.1 take any form; and

23.3.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

23.4 If a decision is made pursuant to these Articles to remunerate any elected members of any Shareholder acting as Directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with that Shareholder.

23.5 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

23.6 Unless the Directors decide otherwise, Directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

24. Directors' expenses

24.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

24.1.1 meetings of Directors or committees of Directors;

24.1.2 general meetings; or

24.1.3 separate meetings of the holders of any class of shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

SHARES AND DISTRIBUTIONS

SHARES

25. All shares to be fully paid up

- 25.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 25.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's Memorandum.

26. Powers to issue different classes of share

- 26.1 Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 26.2 The Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

27. Company not bound by less than absolute interests

- 27.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

28. Share certificates

- 28.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the shares which that Shareholder holds.
- 28.2 Every certificate must specify:
 - 28.2.1 in respect of how many shares, of what class, it is issued;
 - 28.2.2 the nominal value of those shares;
 - 28.2.3 that the shares are fully paid; and
 - 28.2.4 any distinguishing numbers assigned to them.
- 28.3 No certificate may be issued in respect of shares of more than one class.

28.4 If more than one person holds a share, only one certificate may be issued in respect of it.

28.5 Certificates must:

28.5.1 have affixed to them the Company's common seal; or

28.5.2 be otherwise executed in accordance with the Companies Acts.

29. Replacement share certificates

29.1 If a certificate issued in respect of a Shareholder's shares is:

29.1.1 damaged or defaced; or

29.1.2 said to be lost, stolen or destroyed,

that Shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

29.2 A Shareholder exercising the right to be issued with such a replacement certificate:

29.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

29.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

29.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

30. Share transfers

30.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.

30.2 No fee may be charged for registering any instrument of transfer or other Document relating to or affecting the title to any share.

30.3 The Company may retain any instrument of transfer which is registered.

30.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

30.5 The Directors may refuse to register the transfer of a share to a person to whom they do not approve.

- 30.6 They may also refuse to register the transfer unless it is lodged at the registered office of the Company or at such other place as the Directors may appoint and is accompanied by such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and by such other information, as they may reasonably require.
- 30.7 If the Directors refuse to register such a transfer, they shall, within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- 30.8 The provisions of this Article apply in addition to any restrictions on the transfer of a share which maybe set out elsewhere in the Memorandum or Articles of the Company.

31. Purchase of own shares

- 31.1 Subject to the articles, the Company may purchase its own shares (including any redeemable shares) and may make a payment in respect of the redemption or purchase of its own shares otherwise than out of the distributable profits of the Company or the proceeds of a fresh issue of shares by special resolution. Any share so purchased shall be purchased at its nominal value.

32. Transmission of shares

- 32.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 32.2 A transmittee who produces such evidence of entitlement to shares as the Directors may properly require:
- 32.2.1 may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person; and
- 32.2.2 subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 32.3 Transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

33. Exercise of transmittees' rights

- 33.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in Writing of that wish.

- 33.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 33.3 Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

34. Transmittees bound by prior notices

- 34.1 If a notice is given to a Shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the Shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

35. Procedure for declaring dividends

- 35.1 Subject to the Companies Acts, the Regulations and the Articles, the Company may by ordinary resolution declare dividends, and the Directors may, provided that such decision is authorised by an ordinary resolution of the Shareholders, decide to pay interim dividends.
- 35.2 For the avoidance of doubt the payment of dividends shall be considered to be a transfer of assets other than for full consideration and shall not be permitted other than in the circumstances prescribed in Article 3.
- 35.3 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 35.4 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 35.5 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each Shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 35.6 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- 35.7 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

35.8 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

36. Payment of dividends and other distributions

36.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

36.1.1 transfer to a bank or building society account indicated by the distribution recipient either in Writing or as the Directors may otherwise decide;

36.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered Address (if the distribution recipient is a holder of the share), or (in any other case) to an Address indicated by the distribution recipient either in Writing or as the Directors may otherwise decide;

36.1.3 sending a cheque made payable to such person by post to such person at such Address as the distribution recipient has indicated either in Writing or as the Directors may otherwise decide; or

36.1.4 any other means of payment as the Directors agree with the distribution recipient either in Writing or by such other means as the Directors decide.

36.2 In the Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable:

36.2.1 the holder of the share; or

36.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or

36.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

37. No interest on distributions

37.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

37.1.1 the terms on which the share was issued; or

37.1.2 the provisions of another agreement between the holder of that share and the Company.

38. Unclaimed distributions

38.1 All dividends or other sums which are:

38.1.1 payable in respect of shares; and

38.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

38.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

38.3 If:

38.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

38.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

39. Non-cash distributions

39.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

39.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

39.2.1 fixing the value of any assets;

39.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

39.2.3 vesting any assets in trustees.

40. Waiver of distributions

40.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in Writing to that effect, but if:

40.1.1 the share has more than one holder; or

40.1.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

41. Authority to capitalise and appropriation of capitalised sums

41.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

41.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

41.1.2 appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

41.2 Capitalised sums must be applied:

41.2.1 on behalf of the persons entitled; and

41.2.2 in the same proportions as a dividend would have been distributed to them.

41.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

41.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

41.5 Subject to the Articles the Directors may:

41.5.1 apply capitalised sums in accordance with Articles 43.3 and 43.4 partly in one way and partly in another;

41.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article

(including the issuing of fractional certificates or the making of cash payments); and

41.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

42. General meetings

42.1 The Directors may call a general meeting at any time.

42.2 The Directors must call a general meeting if required to do so by the Shareholders under the Companies Acts.

42.3 The Directors may call an annual general meeting at such time and place as the Directors shall appoint. An annual general meeting shall be called by giving at least 30 days clear notice to all Shareholders.

42.4 Any Shareholder that is a corporate or public body shall appoint (and may remove and replace) a duly authorised representative which shall be evidenced in writing signed by one of its officers. The person so authorised shall act at any meeting of the Company and shall be entitled to exercise the same powers on behalf of the Shareholder which he/she represents as the Shareholder could exercise if it were an individual Shareholder of the Company and such Shareholder shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

43. Length of notice

43.1 A General Meeting must be called by either:

43.1.1 at least 14 Clear Days' notice; or

43.1.2 shorter notice if it is so agreed by a majority of the shareholders having a right to attend and vote at that meeting.

44. Contents of notice

44.1 Every notice calling a general meeting must specify the place, day and time of the meeting, whether it is a general or an annual general meeting, and the general nature of the business to be transacted.

- 44.2 If a special resolution is to be proposed, the notice must include the proposed resolution and specify that it is proposed as a special resolution.
- 44.3 If the meeting is to be an annual general meeting, the notice must specify it as such.
- 44.4 In every notice calling a meeting of the Company there must appear with reasonable prominence a statement informing the Shareholder of his or her rights to appoint another person as his or her proxy at a general meeting.

45. Service of notice

- 45.1 Notice of general meetings must be given to every Shareholder, to the Directors and to the auditors of the Company.
- 45.2 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceeds at that meeting.

46. Attendance and speaking at general meetings

- 46.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 46.2 A person is able to exercise the right to vote at a general meeting when:
 - 46.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - 46.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 46.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 46.4 In determining attendance at a general meeting, it is immaterial whether any two or more Shareholders attending it are in the same place as each other.
- 46.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

47. Quorum for general meetings

47.1 No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

47.2 The quorum for a general meeting shall be one person entitled to vote on the business to be transacted (each being a Shareholder, a proxy for a Shareholder or a duly authorised representative of a Shareholder).

48. Chairing general meetings

48.1 If the Directors have appointed a Chair, the Chair shall chair general meetings if present and willing to do so.

48.2 If the Directors have not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start, the Shareholders must appoint a Director or Shareholder to chair the meeting and the appointment of the Chair of the Meeting must be the first business.

48.3 The person chairing a meeting in accordance with this Article 48 is referred to as “the Chair of the Meeting”.

49. Attendance and speaking by Directors and non-shareholders

49.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.

49.2 The Chair of the Meeting may permit other persons who are not:

49.2.1 Shareholders of the Company; or

49.2.2 otherwise entitled to exercise the rights of Shareholders in relation to general meetings,

to attend and speak at a general meeting.

50. Adjournment

50.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chair of the Meeting must adjourn it.

50.2 The Chair of the Meeting may adjourn a general meeting at which a quorum is present if:

50.2.1 the meeting consents to an adjournment; or

- 50.2.2 it appears to the Chair of the Meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 50.3 The Chair of the Meeting must adjourn a general meeting if directed to do so by the meeting.
- 50.4 When adjourning a general meeting, the Chair of the Meeting must:
- 50.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
- 50.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 50.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 Clear Days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- 50.5.1 to the same persons to whom notice of the Company's general meetings is required to be given; and
- 50.5.2 containing the same information which such notice is required to contain.
- 50.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

51. Voting: general

- 51.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.
- 51.2 A person who is not a Shareholder of the Company shall not have any right to vote at a general meeting of the Company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures.
- 51.3 Article 51.2 shall not prevent a person who is a proxy for a Shareholder or a duly Authorised Representative from voting at a general meeting of the Company.

- 51.4 On a vote on a resolution on a show of hands at a meeting every person present in person (whether a Shareholder, proxy or Authorised Representative of a Shareholder) and entitled to vote shall have a maximum of one vote.
- 51.5 On a vote on a resolution on a poll at a meeting every Shareholder present in person or by proxy or Authorised Representative shall have one vote.
- 51.6 In the case of an equality of votes, whether on a show of hands or on a poll, the Chair of the Meeting shall not be entitled to a casting vote in addition to any other vote he or she may have.
- 51.7 No Shareholder shall be entitled to vote at any general meeting unless all monies presently payable by him, her or it to the Company have been paid.
- 51.8 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 51.9 Any such objection under Article 51.8, must be referred to the Chair of the Meeting, whose decision is final.

52. Poll votes

- 52.1 A poll on a resolution may be demanded:
- 52.1.1 in advance of the general meeting where it is to be put to the vote; or
 - 52.1.3 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 52.2 A poll may be demanded by;
- 52.2.1 the Chair of the Meeting;
 - 52.2.2 the Directors;
 - 52.2.3 two or more persons having the right to vote on the resolution;
 - 52.2.4 any person, who, by virtue of being appointed proxy for one or more Shareholders having the right to vote at the meeting, holds two or more votes; or;
 - 52.2.5 a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.

- 52.3 A demand for a poll may be withdrawn if:
- 52.3.1 the poll has not yet been taken; and
 - 52.3.2 the Chair of the Meeting consents to the withdrawal.
- 52.4 Polls must be taken immediately and in such manner as the Chair of the Meeting directs.

53. Content of Proxy Notices

- 53.1 Proxies may only validly be appointed by a notice in Writing (a "Proxy Notice") which:
- 53.1.1 states the name and Address of the Shareholder appointing the proxy;
 - 53.1.2 identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
 - 53.1.3 is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - 53.1.4 is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 53.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 53.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 53.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 53.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - 53.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

54. Delivery of Proxy Notices

- 54.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.

- 54.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in Writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 54.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 54.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

55. Amendments to resolutions

- 55.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 55.1.1 notice of the proposed amendment is given to the Company in Writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chair of the Meeting may determine); and
- 55.1.2 the proposed amendment does not, in the reasonable opinion of the Chair of the Meeting, materially alter the scope of the resolution.
- 55.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 55.2.1 the Chair of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
- 55.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 55.3 If the Chair of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

WRITTEN RESOLUTIONS

56. Written resolutions

- 56.1 Subject to Article 0, a written resolution of the Company passed in accordance with this Article 56 shall have effect as if passed by the Company in general meeting:
- 56.1.1 A written resolution is passed as an ordinary resolution if it is passed by a simple majority of the total voting rights of eligible Shareholders.

- 56.1.2 A written resolution is passed as a special resolution if it is passed by Shareholders representing not less than 75% of the total voting rights of eligible Shareholders. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.
- 56.2 In relation to a resolution proposed as a written resolution of the Company the eligible Shareholders are the Shareholders who would have been entitled to vote on the resolution on the Circulation Date of the resolution.
- 56.3 A Shareholders' resolution under the Companies Acts removing a Director or an auditor before the expiration of his or her term of office may not be passed as a written resolution.
- 56.4 A copy of the written resolution must be sent to every Shareholder together with a statement informing the Shareholder how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Companies Acts.
- 56.5 A Shareholder signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated Document identifying the resolution to which it relates and indicating his or her agreement to the resolution.
- 56.6 If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the Shareholder's signature.
- 56.7 If the Document is sent to the Company by Electronic Means, it is authenticated if it is from an email Address notified by the Shareholder to the Company for the purposes of receiving Documents or information by Electronic Means.
- 56.8 A written resolution is passed when the required majority of eligible Shareholders have signified their agreement to it.
- 56.9 A proposed written resolution lapses if it is not passed within 28 days beginning with the Circulation Date.

ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

57. Means of communication to be used

- 57.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.

- 57.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 57.3 Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within an agreed time of their being sent, and for the agreed time to be less than 48 hours.
- 57.4 A Shareholder who does not register an address with the Company or who registers only an address that is not within the United Kingdom shall not be entitled to receive any notice from the Company.
- 57.5 A Shareholder present by a duly authorised representative at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called
- 57.6 Proof that an envelope containing a notice was properly addressed prepaid and posted shall be conclusive evidence that the notice was given.
- 57.7 Proof that an electronic form of notice was given shall be conclusive where the Company can demonstrate that it was properly addressed and sent in accordance with section 1147 of the Companies Act 2006.
- 57.8 In accordance with section 1147 of the Companies Act 2006 notice shall be deemed to be given:
- 57.8.1 at the expiration of 48 hours after the envelope containing it was posted,
or
- 57.8.2 in the case of an electronic form of communication , at the expiration of 48 hours after the time it was sent

58. Access to Information

- 58.1 Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or Documents.
- 58.2 The Company shall provide and instruct its auditors to provide to the Shareholders who are a public body or a fire and rescue authority such information and access to the information and its premises for these purposes as it may reasonably require for the purpose of preparing and auditing that

Shareholder's accounts or for investigating value for money or any other reasonable purpose.

58.3 The Company shall provide any elected member or officer of a Shareholder who is a public body or a fire and rescue authority with such information about the activities of the Company which it may reasonably need for the discharge of its functions.

59. Provision for employees on cessation of business

59.1 The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

60. Company Secretary

60.1 Subject to the provisions of the Act a Secretary shall be appointed by the Directors for such term, at such remuneration (if not a Director) and upon such conditions as they may think fit; and any Secretary so appointed may be removed by them.

61. Irregularities

61.1 The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not referred to in the notice unless a provision of the Companies Acts specifies that such informality, irregularity or want of qualification shall invalidate it.

62 Minutes

62.1 The Directors must cause minutes to be made in books kept for the purpose:

62.1.1 of all appointments of officers made by the Directors;

62.1.2 of all resolutions of the Company and of the Directors (including, without limitation, decisions of the Directors made without a meeting); and

62.1.3 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting;

and any such minute, if purported to be signed (or in the case of minutes of Directors' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any Shareholder or Director of the Company, be sufficient evidence of the proceedings.

62.2 The minutes must be kept for at least ten years from the date of the meeting, resolution or decision.

63 Accounts

63.1 The Directors shall comply with the requirements of the Companies Acts as to maintaining a member's register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of:

63.1.1 annual reports;

63.1.2 annual returns; and

63.1.3 annual statements of account.

63.1.4 Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or Documents merely by virtue of being a shareholder.

64 Indemnity

64.1 Subject to Article 64.2, a relevant Director of the Company or an associated company may be indemnified out of the Company's assets against:

64.1.1 any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;

64.1.2 any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006);

64.1.3 any other liability incurred by that Director or other officer acting on behalf of and within the scope of the Company's instructions or an associated company.

64.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

64.3 In this Article:

64.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

64.3.2 a “relevant Director” means any Director or former Director of the Company or an associated company.

65 Insurance

65.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director or officer of the Company or any other persons who the Directors feel it is appropriate to insure in respect of any relevant loss.

65.2 In this Article:

65.2.1 a “relevant Director” means any Director or former Director of the Company or an associated company;

65.2.2 a “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director’s duties or powers in relation to the Company, any associated company or any pension fund or employees’ share scheme of the Company or associated company; and

65.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

66 Exclusion of model articles

The relevant model articles for a company limited by shares are hereby expressly excluded.

67 Shareholder Rules

67.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its Shareholders being a fire and rescue authority or other public body. In particular without limiting the generality of the foregoing, the Company shall, where appropriate:-

67.1.1 not engage in activities for party political purposes or publish party political materials;

- 67.1.2 prepare and publish a statement of practice in respect of letting contracts and abide by it;
 - 67.1.3 due to the value of the contract, obtain appropriate competitive tenders prior to and exclude so far as a public body would be required to, non-commercial matters when deciding the letting of contracts.
- 67.2 The Company shall observe all legal requirements imposed on it by virtue of it being a controlled company as defined by Section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority's interest in companies.
- 67.3 Any proposal by the Directors to incur capital expenditure which if it were incurred by a any Shareholder who is a public body or a fire and rescue authority would count as capital expenditure under the Local Government Act 2003 and any proposed borrowing or other credit arrangements for capital purposes shall except where permitted by these Articles require a special resolution passed at a general meeting of the Company.
- 67.4 For the avoidance of doubt, the Company shall not without a special resolution:-
- 67.4.1 amend the memorandum or articles of association of the Company;
 - 67.4.2 alter any rights or restrictions attaching to any class of share in the capital of the Company;
 - 67.4.3 change the name of the Company;
 - 67.4.4 pass any resolution or engaged in any other matter which represents a substantial change in the nature of the business of the Company or in the manner in which such business is conducted;
 - 67.4.5 issue any additional shares;
 - 67.4.6 make any change in the Company's accounting reference date;
 - 67.4.7 make any change in the Company's registered office;
 - 67.4.8 change the classification or status of the Company;
 - 67.4.9 enter into any contract, transaction or arrangements with any third party (whether legally binding or not) except up to the Permitted Value provided that such transactions are in the ordinary and proper

course of its business on arm's length terms and upon commercial terms as could be expected in the market for similar activity;

- 67.4.10 borrow or raise any money from any person or make any change in the banking arrangements or facilities (including changes to bank mandates) of the Company;
- 67.4.11 mortgage or charge the Company's undertaking, property or any part thereof, nor issue debentures, debenture stock or any other securities whether outright or as security for any debt, liability or obligation of the company or of any third party, for the benefit of any third party lender;
- 67.4.12 enter into any transaction or series of related transactions (whether at one time or over a period of time) involving the incurring of any capital expenditure except up to the Permitted Value;
- 67.4.13 sell, transfer, lease, assign or otherwise dispose of a part or the whole of any property and/or assets of the company or any subsidiary (or any interest therein) or contract so to do whether or not for valuable consideration except up to the Permitted Value or up to the value stipulated in any relevant regulations whichever is the higher;
- 67.4.14 form, acquire or dispose of any subsidiary or amalgamate or merge with any other company or concern or acquire any shares of any other company or participate in any partnership or joint venture with another person from the private sector unless the value of such partnership is below the Permitted Value;
- 67.4.15 lend or advance to any person, firm or company any monies exceeding in aggregate £15,000 or more in any financial year of the company;
- 67.4.16 enter into any personal favourable contract or arrangement with any elected member or officer of any Shareholder who is a public body or fire and rescue authority or any of its subsidiaries;
- 67.4.17 enter into or vary the terms of any credit transaction falling within the definition contained in regulation 12 of the Local Authorities (Companies) Order 1995 except where the credit transaction is between members of a Shareholder who is a public body or a fire and rescue authority for accounting purposes with the exception of securing overdraft facilities of up to £50,000;

- 67.4.18 remove or vary any of the terms of appointment of the Company's auditors;
- 67.4.19 participate in any scheme of arrangement or petition or pass any resolution to wind up the Company or make application for an administrative order;
- 67.4.20 capitalise, repay or otherwise distribute any amount standing to the credit of any reserve of the Company or redeem or purchase of any shares or otherwise reorganise its share capital.

SCHEDULE
INTERPRETATION

1. In the Articles, unless the context requires otherwise, the following terms shall have the following meanings:

Term	Meaning
“Address”	includes a number or address used for the purposes of sending or receiving Documents by Electronic Means;
”Articles”	means the Company’s articles of association;
“asset-locked body”	means (i) a community interest Company or a charity ¹ or a Permitted Society; or (ii) a body established outside the United Kingdom that is equivalent to any of those;
“Authorised Representative”	means any individual nominated by a Shareholder Organisation to act as its representative at any meeting of the Company in accordance with Article 51;
“bankruptcy”	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
”Chair”	has the meaning given in Article 10;
“Chair of the Meeting”	has the meaning given in Article 48;
“Circulation Date”	in relation to a written resolution, has the meaning given to it in the Companies Acts;
“Clear Days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“community”	is to be construed in accordance with the section 35(5) of the Companies (Audit,

Investigations and Community Enterprise) Act 2004;

“Companies Acts”	means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;
“Company”	3SFire Community Interest Company;
“Conflict of Interest”	any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts or might conflict with the interests of the Company;
“Director”	means a director of the Company, and includes any person occupying the position of director, by whatever name called;
“distribution recipient”	has the meaning given in Article 36;
”Document”	includes, unless otherwise indicated, any document sent or supplied in Electronic Form;
“Electronic Form” and “Electronic Means”	have the meanings respectively given to them in section 1168 of the Companies Act 2006;
“fully paid”	in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;
“Hard Copy Form”	has the meaning given in section 1168 of the Companies Act 2006;
“holder”	in relation to shares means the person whose name is entered in the register of shareholders as the holder of the shares;
“instrument”	means a document in Hard Copy Form;
“Memorandum”	the Company’s memorandum of association;
“paid”	means paid or credited as paid;

“participate”	in relation to a Directors’ meeting, has the meaning given in Article 15;
”Permitted Society”	<p>Registered Means</p> <p>a) A registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014; or</p> <p>b) A society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969;</p>
“Permitted Value”	means a value of £1,000,000 (One Million Pounds) whether in isolation or in aggregate in any one year or such other figure as may be approved by Special Resolution;
“Proxy Notice”	has the meaning given in Article 53;
“the Regulations”	means the Community Interest Company Regulations 2005 (as amended);
“the Regulator”	means the Regulator of Community Interest Companies;
“Secretary”	the secretary of the Company (if any);
“Shareholder”	means a person who is the holder of a share;
“shares”	means shares in the Company;
“specified”	means specified in the articles of association of the Company for the purposes of this paragraph;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
“transfer”	includes every description of disposition, payment, release or distribution, and the

creation or extinction of an estate or interest in, or right over, any property;

“transmittee”

means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“Writing”

means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company. Words denoting the singular shall include the plural and vice versa as the context shall Permit References to statutes or regulations include references to any statutes or regulations amending re-enacting or replacing the same Subject as aforesaid words or expressions contained in these Articles shall unless the context requires otherwise bear the same meaning as in the Act.

Appendix B

Proposed text of the written resolutions to be signed by HFRA as sole shareholder of 3SFire Limited

**THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
SPECIAL RESOLUTION**

3SFIRE LIMITED (the 'Company') (Company Number 08411305)

Hampshire Fire and Rescue Authority, being the sole member of the Company eligible to attend and vote at general meetings of the Company, pass the following resolution designated a special resolution, and agree that the said resolution shall be as valid and effective as if it had been passed at a general meeting the Company duly convened and held.

IT IS RESOLVED THAT:

1. the articles of association of the Company shall be altered so as to comply with the requirements in connection with becoming a community interest company. The articles of association shall take the form of the articles of association attached to this resolution in substitution for, and to the exclusion of, any articles of association of the Company previously registered with the Registrar of Companies.
2. the registered name of the Company be changed to 3S FIRE Community Interest Company.
3. the legal status of the Company be changed to a Community Interest Company.

AGREEMENT OF THE SHAREHOLDER REPRESENTATIVE

Further to Article 39 of the Company Articles, I, the undersigned, being the Shareholder Representative on [DATE] irrevocably agree to the resolutions set out above.

Signed _____

Date _____

Notes

- (1) This written resolution has been proposed by the Board of the Company.
- (2) The circulation date of this written resolution is [DATE]
- (3) If you agree to the resolution, please signify your agreement by signing against your name where indicated. Please then return the document to the Company.
- (4) Once this resolution has been signed and returned to the Company, your agreement to it may not be revoked.