

## **Norfolk Snowsports Club: Summary of changes to the current articles of association**

### **Purpose of this note**

At this year's AGM, the members of the Club are being asked to approve the adoption of new articles of association of the Club. The articles are its constitution. They do not contain every rule or regulation relating to the Club (far from it), but they are the over-arching reference point for how the Club is run and what are the rights and obligations of members. Therefore, they are important.

To help you digest the changes, we have set out below a summary, in tabular format, of the main changes. The table tries to summarise the main changes. But, because we are in fact replacing the whole of the current articles with an entirely new set, it cannot cover every single change. If you want to get into the detail of it, a copy of the current articles of association and the proposed new articles of association, along with this note, are available for inspection at the club upon request. Please ask at Reception.

Before the table, providing a little more light and shade (but not covering as many points), is a narrative. You can read either, both, or neither, as you see fit.

### **Why are we replacing the articles?**

The main purpose in updating the Club's articles has been to create a more contemporary, flexible and fit for purpose constitutional framework for the Club. It is unlikely you will ever need to refer to them as a member, but if you ever wish to know what the Club can or cannot do, or how, then these (and the Club's rules) are your main point of reference.

To explain the thought process behind these changes, here are just a few illustrations and explanations.

- There were a few gaps or ambiguities in the existing articles that we felt it was appropriate to tidy up as a housekeeping matter. The proposed new articles include specific provisions that facilitate the holding of meetings on a remote/virtual basis and allow voting to be carried out on this basis also. The new articles also include an express right for the executive committee to appoint new members where vacancies exist after completion of the AGM or if they arise unexpectedly during the course of the year. Finally, we have inserted some provisions dealing with conflicts of interest, the right for the Executive Committee to remove or suspend one of its members from office in specific circumstances, more explicit references to the need for members to pay their subscriptions and to comply with the club's rules, and clearer procedures for nominations and voting at meetings.
- We have tidied up the descriptions of the different classes of membership. These have not been changed in any fundamental manner – the same rights and benefits etc. exist as before. But we feel that it is an opportunity to ensure that they properly reflect the intentions and values of the club. Two good examples are adaptive membership and the single parent family membership. Neither of these was expressly mentioned in the current articles filed at Companies House. The single parent family membership will fall within the general family membership category, rather than being a completely separate category, but will benefit from a lower price point regarding the annual subscription fee. This also will be reflected in the Club's rules. These already exist on the Club's website and it seems an opportune moment to formalise this in the articles also. Last, we have also clarified the position regarding what was formerly called a "Training Membership". We think a better expression (i.e. more flexible and

more representative of the different reasons why visitors may wish to use the Club’s facilities) is “Temporary Membership”. The prices for such membership will depend on the duration the visitor wishes to use the Club’s facilities and what they want to access and will be dealt with in the Club’s rules.

- Last, to improve operational effectiveness, we have set out the business to be carried out at annual general meetings in one place. We have also made it an express provision that the Executive Committee will set the subscription rates for each coming year, rather than this being put to a vote of the members at the AGM. We wish to emphasise that this is not about removing accountability or control from the membership as a whole, but simply reflects a desire to streamline certain processes and, also, to create a more efficient use of time at AGMs. That said, members will, we hope, appreciate that we have imposed a limit on the Executive Committee’s ability to raise rates by more than 5% without members’ approval. We don’t actually consider that these limits are necessary, but they are there for members’ reassurance given the change we are proposing.

We very much hope that members will trust the Executive Committee to exercise its discretion (themselves being members and frequent users of the club) in a judicious and fair-minded manner. We also want to highlight that Executive Committee members are frequently in attendance at the club and are easily identified by our photographs in reception and the badges that we (usually!) wear around our necks.

Please let us know your thoughts on any aspect of Club operations and culture. We will do our best to reflect the membership’s wishes for the good of the Club and the membership as a whole.

With all that in mind, and noting that the foregoing are only *illustrative* examples of the general approach and rationale for the proposed replacement of the articles, please see below a more granular summary (but without any narrative / explanation for the changes unless it is not apparent from the context). We have done our best to identify the key changes. This is not an exhaustive summary, but is intended to highlight what we consider to be the changes that are most pertinent to members.

CURRENT POSITION	PROPOSED NEW POSITION
<b>Members (including categories of membership)</b>	
<ul style="list-style-type: none"> <li>• Honorary life</li> <li>• Honorary (one year)</li> <li>• Ordinary</li> <li>• Training</li> <li>• Junior (attending school)</li> <li>• Family</li> <li>• Single parent (identical to family)</li> <li>• All must comply with “rules and regulations”</li> <li>• Situations in which membership will terminate:               <ul style="list-style-type: none"> <li>○ gross misconduct;</li> <li>○ theft of Club property;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• “Training Membership” has been changed to “Temporary Membership”.</li> <li>• For “Family Membership”, to avoid any uncertainty, the articles expressly state that each member of the family is a member of the club</li> <li>• “Single Parent Membership” is now included within “Family Membership” but the price will be lower.</li> <li>• The Executive Committee is entitled to suspend or terminate a person’s membership in the following cases:               <ul style="list-style-type: none"> <li>○ material or persistent breach of the club’s rules or the articles;</li> <li>○ materially or persistently bringing the club into disrepute or engaging in conduct which is likely</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>○ flagrant breach of any rules of the Club;</li> <li>○ conduct calculated to harm the Club as a whole or its members.</li> </ul>	<p>to have a serious adverse effect on the club or its members.</p> <ul style="list-style-type: none"> <li>● The Club can refuse to renew a person’s membership in the same cases.</li> <li>● Termination / suspension / non-renewal are all subject to a written notice and the member’s right to be heard.</li> </ul>
<b>Subscriptions</b>	
<ul style="list-style-type: none"> <li>● The Club fixes the annual payment for each category of membership at each AGM</li> </ul>	<ul style="list-style-type: none"> <li>● The Executive Committee can set the subscriptions, subject to a maximum increase of 5% in any one year.</li> </ul>
<b>General meetings</b>	
<ul style="list-style-type: none"> <li>● AGMs are required to be held in September each year</li> </ul>	<ul style="list-style-type: none"> <li>● There is no longer an express requirement to hold AGMs in September – i.e. so we have some flexibility. But note that the law requires meetings to be not more than 15 months apart.</li> <li>● Business of general meetings now described in one place (new article 22).</li> </ul>
<b>Notice for general meetings</b>	
<ul style="list-style-type: none"> <li>● 14 clear days’ notice for ordinary resolutions</li> <li>● 21 clear days’ notice for special resolutions</li> </ul>	<p>There is no longer a distinction between notice periods for special and ordinary resolutions – all notice periods will be 14 clear days.</p> <p>NB the law dictates what decisions must be passed by what kind of resolution. An ordinary resolution requires &gt;50% and a special resolution requires at least 75%. There is no legal requirement to give additional notice for special resolutions.</p>
<b>Proceedings at general meetings</b>	
<ul style="list-style-type: none"> <li>● Minimum 20 members present = quorum (i.e. without a quorum, no business can take place and no votes can be passed)</li> <li>● Postal voting allowed</li> <li>● Proxies: must use the specified format to appoint, it must be signed, and cannot be by email.</li> </ul>	<ul style="list-style-type: none"> <li>● The quorum is still 20 but if membership falls below 200, then 10% of the members is a quorum</li> <li>● Attendance and voting can be remote (e.g. Zoom).</li> <li>● No postal voting allowed but proxy voting (where a person is nominated to attend in place of the absent member) is permitted.</li> <li>● Proxies: appointment must simply be in writing and clear. Can be by email.</li> </ul>
<b>Executive Committee</b>	
<ul style="list-style-type: none"> <li>● “Executive Committee” definition is vague / inaccurate</li> <li>● Quorum for meetings is three</li> <li>● No authority to appoint additional members if casual vacancies arise / are not filled at the AGM</li> </ul>	<ul style="list-style-type: none"> <li>● Expressly defined as directors of the company</li> <li>● Can appoint additional members (subject to the maximum) during the year if casual vacancies arise / are not filled at the AGM</li> <li>● Quorum is now four (and they must be free from conflicts of interest to count) unless there are fewer than 7 committee members, in which case it is three</li> <li>● Able to suspend or remove committee members with a 2/3 majority vote of the committee</li> <li>● Nominations for the committee will be invited in advance of each AGM so we can run a smooth</li> </ul>

	election if there is competition for places. Conditions for nomination are also included.
<b>The Seal</b>	
<ul style="list-style-type: none"> <li>Formalities for use of the seal</li> </ul>	<ul style="list-style-type: none"> <li>In an effort to streamline the articles and reduce administrative burden / bureaucracy, this article has been deleted. There is no legal requirement to have, or use, a seal. It is anachronistic and can add an unnecessary administrative / bureaucratic burden to company transactions.</li> </ul>
<b>Accounts</b>	
	<ul style="list-style-type: none"> <li>In an effort to streamline the articles and reduce administrative burden / bureaucracy, the majority of this article has been deleted. It largely reiterates statutory obligations, such as maintaining accounts, so adds nothing.</li> <li>The presentation of the accounts to the AGM (which is no longer a statutory obligation) has been retained and is included a new article (22) dealing with the business of the AGM – i.e. because we wish to maintain transparency with and accountability to the members.</li> </ul>
<b>Audits</b>	
<ul style="list-style-type: none"> <li>Auditors must be appointed in accordance with statute</li> </ul>	<p>In an effort to streamline the articles and reduce administrative burden / bureaucracy, this article has been deleted.</p> <p>It also says nothing more than a repetition of the law – in fact, a part of the law that does not apply to the club. There is no legal obligation for a business the size of the club to have auditors. We do retain a professional form of accountants, of course, to ensure our accounts are well-prepared and accurately reflect the club’s financial position.</p>
<b>Dissolution</b>	
<ul style="list-style-type: none"> <li>Dissolution requires approval by 80% of the members</li> </ul>	<p>This article has been deleted because it creates a tension between the statutory legal framework and the articles.</p> <p>Liquidating the Club would have to follow one of three statutorily mandated routes. One of these requires the members’ approval in any event. It is a voluntary process. The other two are mandatory processes and the members would not have a say. These would be used in situations where the Club cannot pay its debts and we either choose to involve its creditors when we liquidate it (a creditors’ voluntary liquidation), or we, or our creditors, apply to the courts to liquidate it (a compulsory liquidation). The requirement for 80% of the members to vote in favour is not, in those latter two circumstances, practicable. And if they did not</p>

	vote in favour, the club would still have to be liquidated.
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