

## Commentary for Member Consultation

### Background

The project to review the club's unincorporated status has been ongoing for a couple of years. At the last few General Meetings we have reported to members that while the risks to the club/members from our operations are not very different from what they have always been, there have been dramatic changes in the general UK banking environment where legislation to try and reduce and control fraud is becoming ever more stringent. Hayling Island SC in its current form, as an unincorporated association of members with a turnover of over £2m, increasingly doesn't fit with the new requirements which favour a more formal and transparent legal structure, so the AGM in October 2025 voted to change the rules to permit the Club to restructure as a Company Limited by Guarantee.

***This is a serious and well considered move to protect not only the future of the club, but also to protect you as members, and we encourage you to actively engage with this process.***

### Form of the new Company

On transfer of the club's assets to the new company, Hayling Island Sailing Club Ltd, the club becomes a Company Limited by Guarantee. This structure has members instead of shareholders, and the liability of all company members (defined in Article 5) is limited to £1. This is a significant benefit to all members, as under the current unincorporated arrangement, your personal liability, in the worst case scenario, is unlimited.

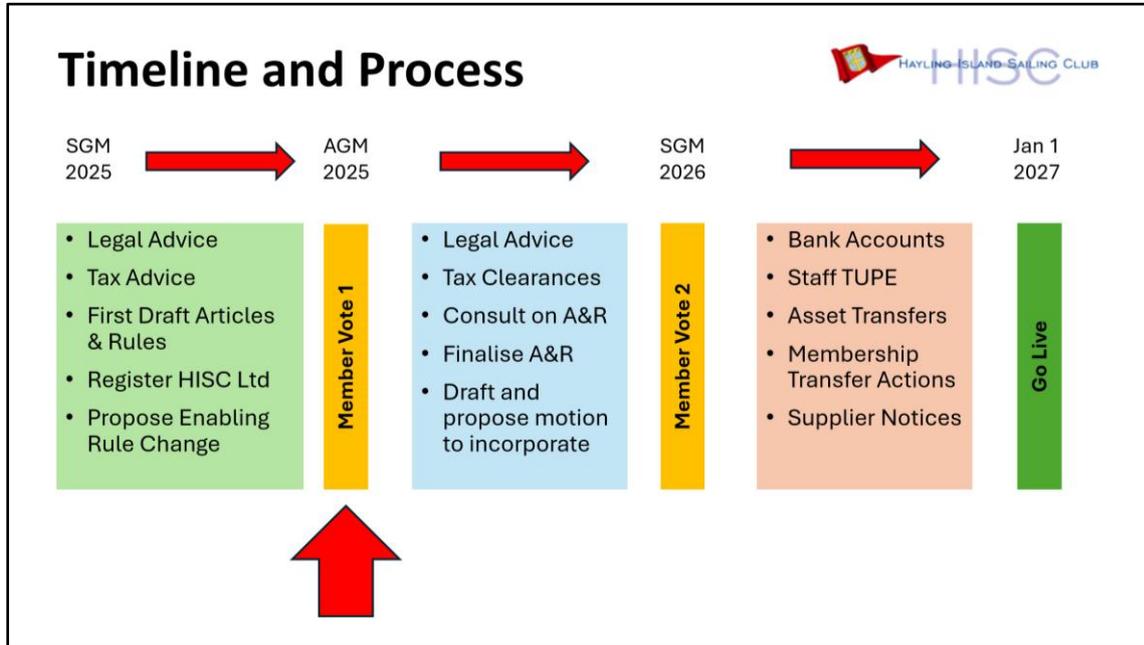
### What are we consulting on?

In order to meet the requirements of the Companies Act, with which the new company must comply, we have had to create a new governance document which clearly defines how the new company will be managed and operate. This document is called the **Articles of Association**. Much of what needs to be in the Articles is contained in the current Club Rules, but, and it's quite a big but, much of what is in the Club Rules is too detailed or granular, and so shouldn't be in the Articles.

Since the vote at the AGM in October 2025, work to draft the **Articles of Association** and **Company Rules** to a conclusion has been under way. Extracting the key information from the Club Rules and putting it into the Articles, and then combining the Rules and Bye Laws into the required format has been a herculean task, and very significant thanks go to Helen Everest and Caroline Alster who have masterminded this work over several months, and by doing so have helped keep legal fees to a minimum.

The drafts of these documents have been reviewed by our legal advisers, and as indicated on the project timeline shared at the AGM (shown overleaf), it is now time to share these with you for your input and observations before bringing them to you for

voting at a Special General Meeting on 26<sup>th</sup> April with a single Agenda item to approve a Resolution in the following form: ***That the assets and undertaking of the club be transferred and distributed by way of a scheme of reconstruction to the company and then dissolved.***



This meeting will be followed immediately by the normal Spring General Meeting, which will then follow the usual SGM Agenda reporting on the finances and the Five Year Plan. Please look out for the convening Notices in late March.

### **Documents for you to Review**

Two documents are attached for your review and, if appropriate, comment; they are the proposed ***Articles of Association***, and the proposed accompanying ***Company Rules*** for Hayling Island Sailing Club Ltd.

#### **a) Articles of Association**

The Articles, to comply with Company Law, follow a prescribed format which details the management arrangements for the company. To create the Articles of Association for the new company, it has been necessary to move some existing Club Rules, or parts of them, into the Articles. It is not anticipated that the Articles will be subject to much change in the normal course of events; due to the requirements of the Companies Act, the proportion of members voting to approve any change to the Articles will be higher than that required to change the Rules currently.

#### **b) Club Rules**

For clarity and ease of use the remainder of the Rules and the Bye Laws have been combined into the new Club Rules; Part A contains most of the remaining Rules which have not been included in the Articles, and Part B contains what was the Bye Laws.

Extensive re-numbering has been inevitable, but from the outset, it was a key principle of the project that we would limit Rule Changes to those necessary to comply with the Companies Act to which the new company will be subject. We have worked diligently to observe this undertaking, with a very few exceptions which are listed in Table 1 below, and for clarity there is an indicative summary of the unavoidable alterations attached below at Table 2. Please note that this is not intended to be a comprehensive list but to highlight the more significant changes. In the new company, Club Rules may be amended by the Directors (General Committee) or by resolution of the members.

### **Directors**

A key change in the management of the club is that the members of General Committee become Directors of the company. The legal advice that we have received is that the new club will be best served by a Board of Non-Executive Directors of a size similar to our current General Committee, and this is what the proposed **Articles of Association** reflect.

Since the land and property currently held on behalf of the club by the Trustees will transfer to the new company, the formal role of a Trustee will cease to exist, and with the blessing of the current Trustees the General Committee/directors of the new company will be empowered to co-opt members with the specific skills and experience needed to take the club forward. The proposed make up of the General Committee (i.e. the Board of Directors) is detailed in Articles 18 & 19.

### **Feeding Back your Views**

Any comments or questions that you may have are valid and very welcome. We are holding a Consultation Meeting with members by Zoom at **19.00 on Wednesday 25<sup>th</sup> February 2026**. The format will be very much “question and answer”, and you will be able to ask your own questions in that forum.

Alternatively, or as well, please e-mail your thoughts to [incorporation@hisc.co.uk](mailto:incorporation@hisc.co.uk) by **Friday 6<sup>th</sup> March 2026**. This will give us time to consider your input and get any technical issues checked by our Legal Advisers. A final version of the Articles and the asset transfer agreement will be issued to you with the Convening Notice in time for the Special General Meeting on 26<sup>th</sup> April.

We would repeat that this is an important process, with the overarching intent to protect both the future of the club and also the interests of you the members. We look forward to getting your comments and questions; **if we do not hear from you in response to the Consultation by 6 March 2026, we will assume you have no strong views but, in any event, do not object to these proposals.**

### **HISC General Committee**

**Table 1 - Particular items on which members' views are sought**

Article	Proposed Change	Rationale
Article 16.1.1	Increase the threshold at which members must be consulted before taking out loans etc from £75k to £100k.	The old threshold has been in place for many years, so updating to reflect inflationary effects.
Article 21.2	Allow Flag Officers to serve more than the three years stated in the current Rules if determined by GC.	Recruiting Flag Officers is increasingly hard, and when there is a capable incumbent willing to stand again unopposed, it makes sense to permit this.
Rule 25.12	The articles have provisions that permit general meetings to be held by electronic means if General Committee wish.	Amended to permit hybrid meetings with electronic voting.

**Table 2 – Summary of Unavoidable Changes required to conform to Companies Act**

Old Rule	Proposed Change	Rationale
Various	Members of General Committee are Directors	Directors are a requirement of Companies Act, and it makes most sense for the Club's existing Senior Management Team (General Committee) to make up the Board of Directors.
5.1 and various others	Role and responsibilities of Trustees removed.	The need to hold club assets in Trust is eliminated.
18.11	Ballot to be counted by Past Commodore and or Past Flag Officers	Was a Trustee role.
20.2c	Past Commodores to meet Probationary Members subject to exclusion	Was a Trustee Role
31.3	Disciplinary appeal heard by Past Commodores	Was a Trustee Role
Various	References to Bye Laws are removed	Bye Laws are absorbed into the Club Rules.
Rule 3	General Committee have the power to amend Rules.	The most significant rules have been incorporated into the Articles which can only be amended by vote of the members. Remaining Rules and Bye Laws are amalgamated and it

		makes sense for the existing authority to amend Bye Laws to extend to the new Rules.
Rule 41.1	GC cannot now dispose of assets without reference to the membership.	Property now held by the members of the company.