

## **Appendix 2: Extract from Articles of Association of 3S Fire Limited - Article 67**

### **67. HFRA Financial Controls for the Company**

- (1) The company shall not without the prior written consent of HFRA or as may be within the scope of a current Business Plan approved by HFRA to do any of the following ;
  - (a) 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
  - (b) borrow or raise any money from any person (other than pursuant to the business plan) or make any change in the banking arrangements or facilities (including changes to bank mandates) of the company;
  - (c) 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;
  - (d) 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;
  - (e) increase or vary the company's authorised share capital or create new shares or alter the rights or obligations attached to any of the shares of the company or issuing or allotting any shares of the company or the grant or agreement to granting any option over shares of the company or the issuing of any obligations convertible into shares;
  - (f) 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

- (g) 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;
  - (h) 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;
  - (i) enter into any personal favourable contract or arrangement with any elected member or officer of HFRA or any of its subsidiaries;
  - (j) 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 the HFRA group for accounting purposes with the exception of securing overdraft facilities of up to £50,000;
  - (k) remove or vary any of the terms of appointment of the company's auditors;
  - (l) participate in any scheme of arrangement or petition or pass any resolution to wind up the company or make application for an administrative order;
  - (m) 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;
  - (n) admit any person (whether by subscription or transfer) as a member of the company;
  - (o) commence, settle or compromise any legal dispute or proceeding to which the company is a party except up to the permitted value ;
- (2) No person dealing with the company shall be concerned to see or enquire as to whether any requisite approval of HFRA has been obtained and no obligation

incurred or security given or transaction effected by the company to or with any third party shall be invalid or ineffectual unless the third party had at the time express notice that the incurring of such obligation or the giving of such security or the effecting of such transaction was in excess of the powers of the directors.