

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

MID-HANTS RAILWAY LIMITED

Company No 01117090



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**Adopted by special resolution passed on 12 February 2022 and subsequently amended by
special resolution on 11 February 2023.**

1 PRELIMINARY

The model articles of association for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 in force on the date when these Articles become binding on the Company ("**Model Articles**") apply to the Company except in so far as they are excluded or varied by these Articles.

2 INTERPRETATION

2.1 In these Articles the following expressions have the following meanings unless inconsistent with the context:

"**2006 Act**" the Companies Act 2006 (as amended from time to time);

"**these Articles**" these Articles of Association as amended from time to time;

"**Charity**" means the Watercress Line Heritage Railway Trust Limited;

"**Electronic Means**" has the meaning given in section 1168 of the 2006 Act;

"**Eligible Directors**" has the meaning given in Model Article 8(3);

"**Group Secretary**" means the company secretary of the Charity from time to time;

"**Group Treasurer**" means the treasurer appointed from time to time by the Charity;

"**Majority Shareholder**" a shareholder or shareholders together holding a majority of the voting rights in the Company (within the meaning of section 1159(1) of and paragraph (2) of Schedule 6 to the 2006 Act);

"**Statutes**" the Companies Acts as defined in section 2 of the 2006 Act and every other statute, order, regulation or other subordinate legislation for the time being in force relating to companies and affecting the Company;

"**United Kingdom**" Great Britain and Northern Ireland.

2.2 Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Statutes but excluding any statutory modification of the same not in force when these Articles become binding on the Company.

2.3 References to any statute or statutory provision include, unless the context otherwise requires, a reference to that statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant statute or statutory provision.

3 DECISIONS OF DIRECTORS

A decision of the directors may take the form of a resolution in writing, where the majority of eligible director have indicated agreement. Model Article 8(2) shall not apply to the Company.

4 CALLING A DIRECTORS' MEETING

Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice. Model Article 9(1) shall not apply to the Company.

5 NUMBER OF DIRECTORS

- 5.1 Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not exceed nine.

6 QUORUM FOR DIRECTORS' MEETINGS

- 6.1 The quorum for directors' meetings may be fixed from time to time by a decision of the directors provided it must never be less than three, and unless otherwise fixed is three.

- 6.2 Model Article 11(2) shall not apply to the Company.

- 6.3 The following shall be added as paragraph (4) to Model Article 11:

"(4) If, as a consequence of section 175(6) of the 2006 Act, a director cannot vote or be counted in the quorum at a directors' meeting then the following shall apply:

- (a) if the eligible directors participating in the meeting do not constitute a quorum then the quorum for the purposes of the meeting shall be reduced by one for each director who cannot vote or be counted in the quorum; and
- (b) if despite sub-paragraph (a) the eligible directors participating in the meeting still do not constitute a quorum or there are no eligible directors then the meeting must be adjourned to enable the shareholders to authorise any situation in which a director has a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company."

- 6.4 The Group Secretary and Group Treasurer have the right to attend all directors' meetings

7 DIRECTORS' INTERESTS

- 7.1 Subject to these Articles and the 2006 Act, and provided that he has disclosed to the directors the nature and extent of any interest of his, a director:

- 7.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- 7.1.2 may hold any other office or employment with the Company (other than the office of auditor);
- 7.1.3 may be a director or other officer of, or employed by, or be a party to any transaction or arrangement with or otherwise interested in any body corporate in which the Company is in any way interested;
- 7.1.4 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested (other than as auditor);
- 7.1.5 shall not be accountable to the Company for any benefit which he receives or profits made as a result of anything permitted by Articles 7.1.1 to 7.1.4 and no such

transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

- 7.2 Except for a vote under section 175(4) of the 2006 Act authorising any conflict of interest which a director or any other interested director may have or where the terms of authorisation of such conflict provide that a director may not vote in situations prescribed by the directors when granting such authorisation, a director will be entitled to participate in the decision making process for voting and quorum purposes on any of the matters referred to in Articles 7.1.1 to 7.1.4 and in any of the circumstances set out in Model Articles 14(3) and 14(4).
- 7.3 For the purposes of these Articles references to decision making process includes any directors' meeting or part of a directors meeting.
- 7.4 For the purposes of Article 7.1:
 - 7.4.1 a general notice given in accordance with the 2006 Act is to be treated as a sufficient declaration of interest;
 - 7.4.2 a director is not required to declare an interest either where he is not aware of such interest or is not aware of the transaction or arrangement in question; and
 - 7.4.3 an interest of a director who appoints an alternate director shall be treated as an interest of the alternate director.
- 7.5 Model Articles 14(1), 14(2) and 14(5) shall not apply to the Company.

8 APPOINTMENT AND REMOVAL OF DIRECTORS

- 8.1 The directors shall be those persons nominated by the Charity based on their having the required expertise and performance in the role including the chief executive officer (who will be a director of the Company) appointed by the directors with the prior written consent of the Charity.
- 8.2 Other executive directors may be appointed with the prior written consent of the Charity.
- 8.3 The directors shall have power at any time and from time to time to appoint any person to be a director either to fill a vacancy or as an addition to the existing directors provided the number of directors does not exceed the amount prescribed in Article 5.1.
- 8.4 The chairperson shall not serve a term that exceeds three years, unless following the end of this term they have been reappointed.
- 8.5 No director (with the exception of the chief executive officer and any other executive directors) shall serve a term that exceeds three years, albeit at the end of this term they may be reappointed a maximum of two times unless the directors, with the prior written consent of the Charity, consider that it would be in the best interests of the Company to be reappointed more than two times.

9 TERMINATION OF DIRECTOR'S APPOINTMENT

- 9.1 In addition to the circumstances set out in Model Article 18 (a) to (f) (inclusive), a person ceases to be a director:
 - 9.1.1 as soon as that person is removed from office as a director pursuant to Article 8;
 - 9.1.2 If they are absent from four consecutive meetings of the director without leave of absence from the directors; or
 - 9.1.3 If by notice in writing to the Company they resign from their office.

10 DIRECTOR REMUNERATION

- 10.1 Other than the chief executive officer and any other executive directors, no director of the Company may receive any remuneration for acting as a director with the exception of the following:
- 10.1.1 the directors may grant special remuneration to any director who, at the request of the directors, shall render any executive, special or extra service to the Company; and
 - 10.1.2 The directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them in and about the business of the Company including such expenses incurred in connection with attending any meetings of the directors.

11 VOTES OF DIRECTORS

- 11.1 In addition to the circumstances set out in Model Article 7 and 8 a resolution in writing signed by all the directors entitled to receive notice of a meeting of the directors shall be as effective as a resolution passed at a meeting of the directors duly convened and held, and may consist of several counterparts signed by one or more directors.

12 ALTERNATE DIRECTORS

- 12.1 Appointment and removal of alternates:
- 12.1.1 Any director (the "**appointor**") may appoint as an alternate any other director, or any other person approved by the Charity, to
 - 12.1.1.1 exercise that director's powers, and
 - 12.1.1.2 carry out that director's responsibilities,in relation to participation in directors' meetings and the taking of decisions by the directors in the absence of the alternate's appointor.
 - 12.1.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Majority Shareholder.
 - 12.1.3 The notice must:
 - 12.1.3.1 identify the proposed alternate; and
 - 12.1.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.
- 12.2 Rights and responsibilities of alternate directors:
- 12.2.1 An alternate director has the same rights, in relation to participation in directors' meetings and the taking of decisions by the directors and in relation to directors' written resolutions, as the alternate's appointor.
 - 12.2.2 An alternate director may act as an alternate director for more than one appointor.
 - 12.2.3 Except as these Articles specify otherwise, alternate directors:
 - 12.2.3.1 are deemed for all purposes to be directors;
 - 12.2.3.2 are liable for their own acts and omissions;
 - 12.2.3.3 are subject to the same restrictions as their appointors; and

12.2.3.4 are not deemed to be agents of or for their appointors.

and, each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

12.2.4 A person who is an alternate director but not a director:

12.2.4.1 may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating); and

12.2.4.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate).

No alternate may be counted as more than one director for such purposes.

12.2.5 A director who is also an alternate director is entitled, in his absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

12.2.6 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

12.3 Termination of alternate directorship:

12.3.1 An alternate director's appointment as alternate terminates:

12.3.1.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

12.3.1.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;

12.3.1.3 on the death of the alternate's appointor; or

12.3.1.4 when the alternate's appointor's appointment as a director terminates.

13 ALTERNATE DIRECTORS' EXPENSES

Model Article 20 shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur".

14 SHARES

14.1 The share capital of the Company at the date of the adoption of these Articles is divided into ordinary shares of par value £0.25 each and dividend shares of £1.00 each.

14.2 The ordinary shares shall carry the same rights and privileges and shall rank *pari passu* in all respects.

14.3 The Company's distributable profits (in so far as they are sufficient) shall be applied in payment by dividend or dividend in specie to the holders of dividend shares. Ordinary shares shall have no rights to receive dividends.

14.4 Holders of ordinary shares shall be entitled to attend and vote at general meetings of the Company. Holders of dividend shares shall not (in such capacity) be entitled to attend and vote

at general meetings of the Company, however this restriction shall not apply to meetings of the holders of dividend shares.

- 14.5 The Company shall not be entitled to create any share ranking in any respect in priority to or pari passu with the dividend shares or alter the rights attaching to dividend shares without the sanction of a special resolution of the holders of dividend shares.
- 14.6 Pursuant to section 551 of the Act the Directors are permitted to allot ordinary shares to the Charity on such terms and in such manner as they think most beneficial to the Company. The Directors are not authorised to allot shares to any person other than the Charity other than by sanction of a special resolution.
- 14.7 On a winding up of the Company, the surplus assets of the Company after payment of all liabilities and costs of winding shall be distributed to the holders of dividend shares.
- 14.8 In accordance with section 567(1) and (2) of the 2006 Act, sections 561(1) and 562 (1) to (5) (inclusive) of that Act shall not apply to the Company.
- 14.9 No shares in the Company shall be allotted and no rights to subscribe for or convert any security into shares in the Company shall be granted without the prior consent in writing of the Charity nor shall any share be issued at a discount or issued in breach of these Articles or the 2006 Act.
- 14.10 Model Article 21 shall not apply to the Company.

15 TRANSFER OF SHARES

- 15.1 Model Article 26(5) shall be amended by the addition of the following words: "Further where the Company shall be presented for registration any stock transfer form ("**Transfer**") if the effect of such Transfer if registered would be that the Transferor would remain a member of the Company but would be the holder of less than 50 shares in the Company then the Directors shall decline to register such Transfer" after the words "proposed transfer may be fraudulent".
- 15.2 Only the Charity or any direct successor to that company or any charity having the same or similar objects thereto may be registered as the holder of dividend shares.
- 15.3 Notwithstanding anything contained in these Articles, whether expressly or impliedly contradictory to the provisions of this Article 15.3 (to the effect that any provision contained in this Article 15.3 shall override any other provision of these Articles) the directors shall not decline to register any transfer of shares, nor may they suspend registration thereof, where such transfer:
 - 15.3.1 is to any bank, institution or other person to which such shares have been mortgaged, charged or pledged by way of security, or to any nominee of such a bank, institution or other person (or a person acting as agent or security trustee for such person) (a "**Secured Institution**"); or
 - 15.3.2 is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the shares; or
 - 15.3.3 is executed by a Secured Institution or its nominee pursuant to a power of sale or other power existing under such security; or
 - 15.3.4 is to any purchaser from a Secured Institution pursuant to a power of sale or other power existing under such security,

and the directors shall forthwith register any such transfer of shares upon receipt and furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any shares in the Company or proposed transferor of such shares to a Secured Institution or its nominee and no Secured Institution or its nominee shall (in either such case) be required to offer the shares which are or are to be the subject of any transfer as aforesaid to the

shareholders for the time being of the Company or any of them and no such shareholders shall have any right under these Articles or otherwise howsoever to require such shares to be transferred to them whether for any valuable consideration or otherwise.

16 TRANSMITTEES BOUND BY PRIOR NOTICES

Model Article 29 shall be amended by the insertion of the words ", or the name of any person nominated under Model Article 27(2), "after the words "the transmittee's name".

17 NOTICE OF GENERAL MEETINGS

17.1 Every notice convening a general meeting shall:

17.1.1 comply with section 325(1) of the 2006 Act as to giving information to shareholders relating to their right to appoint proxies; and

17.1.2 be given in accordance with section 308 of the 2006 Act, that is in hard copy form, electronic form or by means of a website.

17.2 A director shall be entitled to receive notice of and to attend and speak at all General Meetings of the Company and at all General Meetings of the holders of any class of shares in the capital of the Company.

18 PROCEEDINGS AT GENERAL MEETINGS

18.1 The quorum required at general meetings shall be not less than five members.

18.2 If a quorum is not present within half an hour of the time at which a general meeting is due to start or if, during a general meeting, a quorum ceases to be present the chairman of the meeting must adjourn it.

18.3 No poll shall be demanded at any General Meeting of the Company on the election of a chairman of a meeting or on any question of adjournment. Where a poll is demanded in accordance with these Articles, it shall be taken at such time (within fourteen days) and place and in such manner as the chairman shall direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. No notice of a poll is required, even though it may not be taken immediately.

18.4 When adjourning the general meeting the chairman of the meeting must specify that the meeting is adjourned either:

18.4.1 to the same day, place and time the following week; or

18.4.2 to another day, place and time to be decided by the directors.

18.5 Model Article 41 shall not apply to the Company.

19 VOTES OF MEMBERS

19.1 On a poll taken at a General Meeting of the Company or at a meeting of any class of members a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

19.2 Any instrument used to appoint a proxy shall be in a common form or in such or other form as may be approved by the Directors.

20 COMPANY COMMUNICATION PROVISIONS

20.1 Where:

20.1.1 a document or information is sent by post (whether in hard copy or electronic form) to an address in the United Kingdom and

20.1.2 the Company is able to show that it was properly addressed, prepaid and posted. it is deemed to have been received by the intended recipient 24 hours after it was posted.

20.2 Where:

20.2.1 a document or information is sent or supplied by electronic means, and

20.2.2 the Company is able to show that it was properly addressed, it is deemed to have been received by the intended recipient immediately after it was sent.

20.3 Where a document or information is sent or supplied by means of a website, it is deemed to have been received by the intended recipient:

20.3.1 when the material was first made available on the website; or

20.3.2 if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

20.4 Pursuant to section 1147(6) of the 2006 Act, subsections (2) (3) and (4) of that section shall be deemed modified by Articles 20.1, 20.2 and 20.3.

20.5 Subject to any requirements of the 2006 Act, only such documents and notices as are specified by the Company may be sent to the Company in electronic form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

21 DIRECTORS' INDEMNITY AND INSURANCE

21.1 Subject to, and so far as may be permitted by, the 2006 Act and without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company shall indemnify every director, former director, alternate director, secretary or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, former director, alternate director, secretary or other officer of the Company or of any such associated company and against any such liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme as defined in section 235(b) of the 2006 Act.

21.2 Subject to the 2006 Act the directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every director, former director, alternate director, secretary or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, former director, alternate director, secretary or other officer of the Company or associated company.

21.3 Subject to, and so far as may be permitted by, the 2006 Act, the Company shall be entitled to fund the expenditure of every director, former director, alternate director or other officer of the Company incurred or to be incurred:

- 21.3.1 in defending any criminal or civil proceedings; or
- 21.3.2 in connection with any application under sections 661(3), 661(4) or section 1157 of the 2006 Act.
- 21.4 Model Articles 52 and 53 shall not apply to the Company.

22 SHARES OF UNTRACED MEMBERS

- 22.1 The Company shall be entitled to transfer by way of gift to the Charity any ordinary share of a member, or any share to which a person is entitled by transmission, if and provided that:
 - 22.1.1 during the period of five years before the date of sending of the notice referred to in Article 22.1.2 any communication sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled by transmission to the share, at their address on the register of members or other last known address given by the member or person entitled by transmission to the share, such post has been returned to the Company marked "not known at this address", "return to sender" or similar marking on at least three occasions and the Company has received no communications in respect of such share from such member or person entitled;
 - 22.1.2 on or after expiry of the said period of five years, the Company has given notice of its intention to transfer by way of gift to the Charity such share by sending a notice to the member or person entitled by transmission to the share at their address on the register of members or other last known address given by the member or person entitled by transmission to the share and before sending such a notice to the member or other person entitled by transmission, the Company must have used reasonable efforts to trace the member or other person entitled; and
 - 22.1.3 during the further period of three months following the date of such notice and prior to the exercise of the power of transfer the Company has not received any communication in respect of such share from the member or person entitled by transmission.
- 22.2 To give effect to any transfer of shares under this Article, the board of directors may authorise any person to transfer the shares in question and may enter the name of the Charity in respect of the transferred shares in the Company's registers even if no share certificate has been lodged for such shares and may issue a new certificate to the Charity. An instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the shares.

23 REGISTERED OFFICE

The Company's registered office is to be situated in England and Wales.