

THE COMPANIES ACTS 1985 & 1989
PRIVATE COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS IN WRITING

-of-

NEWFORD LIMITED ("the Company")

Co. No. 2135820

PURSUANT TO REGULATION 53 OF TABLE A
(embodied in the Company's Articles of Association)

(Passed 31 December 2005)

I, the undersigned, being the only member of the Company at the date of these resolutions who would be entitled to attend and vote at a general meeting of the Company convened for the purpose of considering and passing the resolutions below hereby resolve pursuant to the authority granted by Section 381A of the Companies Act 1985 as follows:

ORDINARY RESOLUTION

1. **THAT** the Directors of the Company be and are hereby authorised generally and unconditionally to exercise all powers of the Company pursuant to Section 80 of the Companies Act 1985 ("**the Act**") to allot relevant securities (as defined by sub-section (2) of that Section) up to an aggregate nominal value equal to the nominal amount of the authorised but unissued share capital of the Company immediately following the passing of this Resolution **PROVIDED THAT** this authority, unless renewed, shall expire on the fifth anniversary of the passing of this Resolution.

SPECIAL RESOLUTIONS

2. **THAT** in accordance with Section 95 of the Act, Section 89(1) of the Act shall not apply to the allotment of equity securities pursuant to the authority given for the purposes of Section 80 of the Act in Resolution 1 (above) and the Directors may allot, grant options over or otherwise dispose of such shares as set out in Resolution 1 (above).
3. **THAT:**
 - (a) each of the 100 ordinary shares of £1 each ("**Shares**") in issue and 899 of the unissued Shares be and is hereby re-designated as an "A" ordinary share of £1 ("**A Share**"); and
 - (b) the 1 unissued Share not re-designated as an A Share pursuant to Resolution 3(a) be and is hereby re-designated as a "B" ordinary share of £1 ("**B Share**");

each A Share and the B Share with the rights attaching as set out in the draft regulations to be adopted as the articles of association of the Company pursuant to Resolution 4 (below).
4. **THAT** the draft regulations which are attached to this resolution and, for the purposes of identification, initialled by the Chairman be and are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of all other articles of association.



DATED 31st day of DECEMBER 2005

Signed M. Sarwar Mussarrat Sarwar

Company Number: 2135820



NEWFORD LIMITED

ARTICLES OF ASSOCIATION

Adopted pursuant to a Special Resolution passed on
31 DECEMBER 2005



turnerparkinson
Hollins Chambers
64a Bridge Street
Manchester M3 3BA

ARTICLES OF ASSOCIATION

OF

NEWFORD LIMITED

(Adopted pursuant to a Special Resolution passed on
31 DECEMBER 2005)

PRELIMINARY

1. The Company shall be a private company within the meaning of the Companies Act 1985 (hereinafter referred to as "**the Act**") and subject as hereinafter provided the regulations contained or incorporated in Table A in the Companies (Tables A to F) Regulations 1985 (hereinafter referred to as "**Table A**"), shall apply to the Company. Reference to any provision of the Act shall where the context so admits be construed as and include a reference to such provision as modified by any statute for the time being in force.
2. Regulations 8, 23, 24, 61, 64, 73, 74, 75, 80, 81, 84, 89, 95, 97 and 118 of Table A shall not apply to the Company, but the Articles hereinafter contained, together with the remaining regulations of Table A, but subject to the modifications hereinafter expressed, shall constitute the regulations of the Company.

SHARES

3. Sections 89 to 94 inclusive of the Companies Act 1985 shall apply to the Company in their entirety. Any Shares not accepted pursuant to the procedure set out therein shall be under the control of the Directors who may allot, grant options over or otherwise dispose of the same to such persons on such terms and in such manner as they think fit; provided that in the case of shares not accepted as aforesaid such shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the Members.
4. The authorised share capital of the Company at the date of adoption of these Articles is £1,000 divided into 999 "A" Ordinary Shares of £1 each ("**A Shares**") and 1 "B" Redeemable Ordinary Share of £1 ("**B Share**") of which 100 A Shares and 1 B Share are in issue and are fully paid. The rights attaching to the A Shares and the B Share respectively are as follows:

(1) **Creation of Separate Funds**

- (a) The undertaking of the Company at the date of adoption of these Articles consists in part of the business which does not constitute the B Business (as herein defined) ("**the A Business**").
- (b) The undertaking of the Company at the date of adoption of these Articles consists in part of the business of the operation of the residential care home known as "Newford Nursing Home" and located at Newford Crescent, Milton, Stoke-on-Trent, Staffordshire ST2 7EQ ("**the B Business**").
- (c) All fixed assets of the Company and current assets of the Company attributable to the A Business at the date of adoption of these Articles shall be designated in the books of the Company as "**A Assets**" and all liabilities of the Company attributable

at that date to the A Business shall be designated in the books of the Company as "**A Liabilities**". References herein to "**the A Fund**" shall be taken as references to the A Assets and the A Liabilities for the time being appearing in the books of the Company taken as a whole.

- (d) All current assets of the Company attributable to the B Business at the date of adoption of these Articles shall be designated in the books of the Company as "**B Assets**" and all liabilities of the Company attributable at that date to the B Business shall be designated in the books of the Company as "**B Liabilities**". References herein to "**the B Fund**" shall be taken as references to the B Assets and the B Liabilities for the time being appearing in the books of the Company taken as a whole.
- (e) Separate books of account shall at all times be kept by the Company in respect of the A Fund and the B Fund and all entries therein shall be made in accordance with the provisions of these Articles.
- (f) Assets purchased with money for the time being attributable to the A Fund or acquired in exchange or substitution for or otherwise in right of assets so attributable shall be attributable to the A Fund and there shall also be attributable to the A Fund any profits distributions receipts or other accretions, whether of an income or capital nature, which are referable to assets so attributable.
- (g) Expenses and other liabilities of the Company directly referable to the cost of operating the A Business (including taxation or other liabilities arising in relation to any realisation of or other dealing with an asset attributable to the A Fund) shall be attributed to the A Fund.
- (h) Assets purchased with money for the time being attributable to the B Fund or acquired in exchange or substitution for or otherwise in right of assets so attributable shall be attributable to the B Fund and there shall also be attributable to the B Fund any profits distributions receipts or other accretions, whether of an income or capital nature, which are referable to assets so attributable.
- (i) Expenses and other liabilities of the Company directly referable to the cost of operating the B Business (including taxation or other liabilities arising in relation to any realisation of or other dealing with an asset attributable to the B Fund) shall be attributed to the B Fund.
- (j) Expenses and other liabilities of the Company not directly referable to the cost of operating the A Business or the B Business shall be apportioned between the A Fund and the B Fund (each a "**Fund**" and together "**the Funds**") in such proportions as the Directors shall specify or, if such apportionment falls to be made after the Auditors have issued their first certificate in accordance with Article 4.1(o), in accordance with the respective values of the Funds as shown in the latest certificate so issued at the date on which such expense or liability becomes due and payable.
- (k) All monies borrowed by the Company from time to time after the date of adoption of these Articles shall be borrowed for the purposes of one or other of the Funds, shall be attributable to the Fund concerned, may be secured on assets attributed to the Fund concerned, but may not be secured on assets attributed to the other Fund.
- (l) In sub-clauses (m) and (n) below the expressions "**debt**" and "**liability**" shall in the case of a debt or liability being apportioned among the Funds mean, in relation to each of the Funds concerned, the portion attributable thereto.

- (m) No asset attributable to one Fund may voluntarily be applied in or towards payment of a debt or liability attributable to any other Fund.
- (n) In the event of any debt or liability of the Company attributable to one Fund ("**the Debtor Fund**") being recovered by the creditor concerned in whole or in part by means of execution or other legal process from assets attributable to any other Fund ("**the Depleted Fund**") then the Directors shall open in the books of the Company accounts designated respectively as an account of the Debtor Fund and an account of the Depleted Fund and shall credit such account of the Debtor Fund and debit such account of the Depleted Fund with the amount of such debt or liability and in satisfaction of and extinguishment of such accounts the Directors may re-designate as assets of the Depleted Fund assets previously designated as belonging to the Debtor Fund which in their opinion bear a market value (after deduction of any tax or other liability due thereon or on realisation thereof) equal to the market value of such debt or liability and accordingly upon such re-designation such assets shall cease to form part of the Debtor Fund and shall thenceforth form part of the Depleted Fund **PROVIDED THAT** no assets may be so re-designated which are charged to secure the repayment of moneys borrowed for the purposes of the Debtor Fund.
- (o) The Directors shall, at the same time that the Auditors for the time being of the Company ("**the Auditors**") make their report in accordance with section 235 Companies Act 1985, instruct the Auditors to certify in writing what the Auditors consider to be the net value of each Fund taking into account all assets and liabilities of the Company at the figures at which they appear in the balance sheet of the Company and also taking into account any amounts standing to the credit or debit of accounts of each Fund and/or any re-designation of assets in accordance with sub-clause (n) above and the certificate of the Auditors shall be conclusive and binding on all the members of the Company.

(2) **Creation of Reserves**

- (a) The reserves of the Company (including any share premium account) existing at the date of the adoption of these Articles shall be re-designated in such manner that the total of the aggregate nominal value of the A Shares, any part of the share premium account of the Company attributable to the A Shares and the amount of any other reserves of the Company re-designated as attributable thereto shall be equal to the value in the books of the Company of the A Fund and that the total of the aggregate nominal value of the B Share, any part of the share premium account of the Company attributable to the B Share and the amount of any other reserves of the Company re-designated as attributable thereto shall be equal to the value in the books of the Company of the B Fund. The respective amounts of reserves (including share premium account) so re-designated as attributable to the A Shares and to the B Share shall be respectively hereinafter referred to as "**the A Reserves**" and "**the B Reserves**".
- (b) Any amount which falls to be credited to reserves in the books of the Company as a result of the writing up or the sale or realisation of or other dealing with an asset attributable to the A Fund shall be credited to the A Reserves.
- (c) Any amount which falls to be credited to reserves in the books of the Company as a result of the writing up or the sale or realisation of or other dealing with an asset attributable to the B Fund shall be credited to the B Reserves.

- (d) Any sum standing to the credit of reserves in the books of the Company or which ought to be so credited but which does not fall to be credited wholly to the A Reserves or the B Reserves shall be apportioned between the A Reserves and the B Reserves in proportion to the amounts standing to the credit of the A Fund and the B Fund respectively or, if any sum falls to be apportioned after the Auditors have issued their first certificate in accordance with Article 4(1)(o), in accordance with the respective values of the Funds as shown in the latest certificate so issued.
- (e) Any amount which falls to be debited to reserves in the books of the Company as a result of losses incurred by one or other of the Funds in the business in which the assets of that Fund are employed or of the writing down or the sale or realisation of or other dealing with an asset attributable to one or other of the Funds shall be debited to the Reserve established in relation to the Fund concerned. If any sum falls to be debited to reserves for any other reason such sum shall be apportioned amongst the Reserves established in accordance with this Article in such proportions as the Auditors shall certify to be in their opinion appropriate having regard to the circumstances in which such sum falls to be so debited. If the amount to be debited to a Reserve shall exceed the sum standing to the credit of that Reserve (or if that Reserve shall already be in debit) then the amount of such excess (or the amount to be so debited) shall be reflected in a debit balance in respect of the Reserve concerned (or shall carry that Reserve further into debit).

(3) **Distribution of Profits**

- (a) The Company shall not be entitled to make any distribution of income in respect of any financial year of the Company (which expression shall in these Articles include any other period for which the accounts of the Company shall be made up) unless and until the Auditors shall certify in writing to the Directors the proportions of such income attributable to the A Fund and the B Fund or either of them as the case may be (such income so certified being hereinafter referred to as "**the A Fund Income**" and "**the B Fund Income**" respectively) and in calculating the A Fund Income and the B Fund Income, the Auditors shall make such deductions for expenses, outgoings and liabilities of the Company (including taxation) as they consider appropriate.
- (b) The A Shares shall carry the right pro rata in accordance with the amounts paid up or credited as paid up thereon respectively to the aggregate amount of:
 - (i) the A Fund Income which the Company may determine to distribute in respect of any financial year;
 - (ii) the first £120,000 of the B Fund Income which the Company may determine to distribute in respect of any financial year; and
 - (iii) 50% of the B Fund Income which the Company may determine to distribute in respect of any financial year after all distributions have been made pursuant to Articles 4(3)(b)(ii) and 4(3)(c)(i).
- (c) The B Share shall carry the right pro rata in accordance with the amounts paid up or credited as paid up thereon respectively to the aggregate amount of:
 - (i) the second £120,000 of the B Fund Income which the Company may determine to distribute in respect of any financial year after all distributions have been made pursuant to Article 4(3)(b)(ii); and
 - (ii) 50% of the B Fund Income which the Company may determine to distribute

in respect of any financial year after all distributions have been made pursuant to Articles 4(3)(b)(ii) and 4(3)(c)(i).

- (d) No shares of any other class shall carry any right to participate in the A Fund Income. Any undistributed balance of A Fund Income shall be carried to the A Reserve and become part of the A Fund subject to the provisions of this Article applicable thereto.
- (e) The A Shares shall carry the right *pro rata* in accordance with the amounts paid up or credited as paid up thereon respectively to any income or profits standing to the credit of the A Reserve which the Company may determine to distribute by way of dividend and no shares of any other class shall carry any right to participate therein.
- (f) For the avoidance of doubt the Company may determine to distribute among the holders of the A Shares all or part of the A Fund Income or the A Reserve without distributing any part of the B Fund Income or B Reserves.
- (g) Any undistributed balance of B Fund Income shall be carried to the B Reserve and become part of the B Fund subject to the provisions of this Article applicable thereto.
- (h) For the avoidance of doubt it is hereby declared that the Company may determine to distribute all or part of the B Fund Income or the B Reserve without distributing any part of the A Fund Income or A Reserves.

(4) **Voting**

- (a) The holders of A Shares shall have the right to receive notice of and attend, speak and vote at any general meeting of the Company. The holders of A Shares who (being individuals) are present in person or by proxy or (being corporations) are present by duly authorised representative or by proxy shall, on a show of hands, have one vote each, and, on a poll, have one vote for each A Share held.
- (b) Subject to Article 4(4)(c), the holders of the B Share shall not have the right to receive notice of nor attend, speak or vote at any general meeting of the Company.
- (c) Except with the sanction of an extraordinary resolution of the holders of each class of shares in the capital of the Company:
 - (i) neither the authorised nor the issued share capital of the Company may be increased or, save for redemption of the B Share in accordance with these Articles, reduced in any way;
 - (ii) the Company shall not alter its financial year from the year ending on 31 March and shall not make up its accounts for any other period;
 - (iii) the Company may not alter any of the provisions of this Article 4.

(5) **Rights in a Winding up**

The holders of the A Shares shall be entitled to receive the amount received or receivable by the Company on realisation of the Funds. The amount which the holders of the A Shares are entitled to receive as aforesaid shall be distributed among such holders *pari passu* in accordance with the amounts paid up on the A Shares held by them respectively.

(6) **The Auditors**

- (a) If any question shall arise as to whether an asset or a liability should be attributed (or should have been attributed) to one or other of the Funds or as to whether a credit or debit should be made (or should have been made) to one or other of the Reserves or as to the calculation of the amount receivable by the Company on realisation of a Fund or the value to be set upon any part thereof in accordance with Article 4(3) above, the question shall be decided by the Auditors.
- (b) In deciding any question in accordance with sub-clause (a) above or giving any certificate in accordance with sub-clause (s) of Article 4(1) above or clause (a) of Article 4(2) above the Auditors shall be deemed to be acting as expert and not as arbitrator and his decision or certificate (as the case may be) shall be final and conclusive and binding on all members of the Company.
- (c) The Auditors shall be a person eligible for appointment as a company auditor under Part II Companies Act 1989 nominated unanimously by all the members. In the event that the members are unable to agree on the identity of the Auditors, the Auditors shall be such suitably qualified person as is appointed by the President of the Institute of Chartered Accountants of England and Wales.

(7) Redemption of the B Share

- (a) Subject to earlier redemption as provided in Article 4(7)(b) or Article 4(7)(c), the Company shall, subject to the provisions of the Act, redeem the B Share on the date which is five years after the date of adoption of these Articles by paying to the holder of the B Share the par value of the B Share and, in addition thereto, any premium paid on subscription together with any arrears, deficiencies or accruals of dividends up to and including the date of redemption whereupon the holder of the B Share shall deliver to the Company the share certificate in respect of the B Share (or an indemnity in a form reasonably satisfactory to the Company in respect of the B Share certificate which cannot be produced).
- (b) Upon receipt of the share certificate in respect of the B Share (or an indemnity in a form reasonably satisfactory to the Company in respect of the B Share certificate which cannot be produced) and written notice by the Company from the holder of the B Share (which notice shall specify the date upon which, being a date not less than three months after the date of such notice, such redemption is to take place) the Company shall, subject to the provisions of the Act, redeem the B Share on the date specified in such notice by paying to the holder of the B Share the par value of the B Share and, in addition thereto, any premium paid on subscription together with any arrears, deficiencies or accruals of dividends up to and including the date of redemption.
- (c) Upon receipt of written notice by the Company from the holders of not less than 75% of the A Shares then in issue (which notice shall specify the date upon which, being a date not less than three months after the date of such notice, such redemption is to take place) the Company shall, subject to the provisions of the Act, redeem the B Share on the date specified in such notice by paying to the holder of the B Share the par value of the B Share and, in addition thereto, any premium paid on subscription together with any arrears, deficiencies or accruals of dividends up to and including the date of redemption whereupon the holder of the B Share shall deliver to the Company the share certificate in respect of the B Share (or an indemnity in a form reasonably satisfactory to the Company in respect of the B Share certificate which cannot be produced).

(8) **Transfer of Shares**

- (a) All transfers of shares shall be effected by instrument in writing in any form for the time being authorised by the Stock Transfer Act 1963 (or any statutory modification or re-enactment thereof for the time being in force) or in any other form which the Directors may approve. The instrument of transfer of a fully paid share shall be signed by or on behalf of the transferor and in the case of shares which are not fully paid up, the instrument of transfer shall in addition be signed by or on behalf of the transferee.
- (b) No sale, transfer, assignment, pledge, charge or other disposition of the B Share or any interest in the B Share shall be effected without the prior written consent of all members holding A Shares for the time being.
- (c) The Directors may in their absolute discretion, and without assigning any reason therefor, decline to register any transfer of any share, whether or not it is a fully paid share and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles.
- (d) A transfer of any share shall only be permitted if it is a transfer of the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.

(9) **General**

- (a) In exercising the powers of the Company in relation to the A Fund, the A Fund Income and the A Reserve the Directors shall have regard primarily to the interests of the holders of the A Shares as a class.
- (b) The provisions of this Article 4 shall have overriding effect and all other provisions of these Articles shall take effect subject to the provisions of this Article to the intent that the provisions of this Article shall prevail.
- (c) Any alteration of any of the provisions of this Article shall be deemed to be an alteration of rights belonging separately to each class of shares in the capital of the Company.

LIEN ON PARTLY PAID SHARES

- 5. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that share. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien on a share shall extend to any amount payable in respect of it.

DIRECTORS

- 6. Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than two nor more than three. If at any time and from time to time there shall be only one Director of the Company, such Director may act alone in exercising all the powers and authorities vested in the Directors.
- 7. Any Director may by notice in writing signed by him and deposited at the registered office of the Company appoint an alternate Director to act on his behalf. Such alternate Director must be either a Director of the Company, or a person approved by resolution of all the Directors for the time being

of the Company. Every alternate Director shall during the period of his appointment be entitled to notice of Meetings of Directors and in the absence of the Director appointing him to attend and vote thereat as a Director, but his appointment shall immediately cease and determine if and when the Director appointing him ceases to hold office as a Director. A Director who is also an alternate Director shall be entitled, in addition to his own vote, to a separate vote on behalf of the Director whom he is representing.

8. The office of a Director shall be vacated if:

- (a) by notice in writing delivered to the Company at its Registered Office, or tendered at a meeting of the Directors, he resigns the office of Director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) he is, or may be, suffering from mental disorder and either
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a Court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director.

PROCEEDINGS OF DIRECTORS

9. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall, when one Director only is in office, be one, and shall, when more than one Director is in office, be two.

INDEMNITY

10. Subject to the provisions of the Act, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.