

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**WRITTEN RESOLUTIONS**  
**OF**

**KEYSTAGE TEACHER SUPPLY LIMITED (COMPANY)**

TUESDAY



A26

23/06/2015

#397

COMPANIES HOUSE

**CIRCULATION DATE:** 19 June 2015 (CIRCULATION DATE)

In accordance with the provisions of Chapter 2 of Part 13 of the Companies Act 2006 (**Act**), the following resolutions are proposed by the Directors as Special Resolutions of the Company (**Resolutions**)

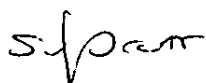
**SPECIAL RESOLUTIONS**

- 1 THAT the Articles of Association in the form attached hereto and marked "A" for the purpose of identification (**New Articles**) be adopted in substitution for and to the exclusion of the existing Articles of Association
- 2 THAT 7 Ordinary shares of £1 00 each be issued to each of Susan Jane Scott, Nick Bailey and Claire Marie Bailey by way of a bonus issue of shares
- 3 THAT the 120 Ordinary Shares of £1 00 each in the issued share capital of the Company held by Susan Jane Scott, Nick Bailey and Claire Marie Bailey be re-designated as Ordinary A Shares, Ordinary B Shares and Ordinary C Shares as described in the New Articles and the rights attached to those shares varied as follows

| Share | Rights  |
|-------|---|
| A     | <p>The ordinary A shares entitle the holder to</p> <ul style="list-style-type: none"> <li>(a) one vote on a show of hands and one vote for every share of which he is holder on a poll vote,</li> <li>(b) receive dividends to the exclusion of other classes of shares,</li> <li>(c) elect that any dividend payable is paid to him in Sterling or American US Dollars,</li> <li>(d) on a return of assets on liquidation or otherwise, the assets of the company available for distribution shall be applied to the shares pro rata, and</li> <li>(e) the ordinary A shares are non-redeemable</li> </ul> |
| B     | <p>The ordinary B shares entitle the holder to</p> <ul style="list-style-type: none"> <li>(a) one vote on a show of hands and one vote for every share of which he is holder on a poll vote,</li> <li>(b) receive dividends to the exclusion of other classes of shares,</li> <li>(c) elect that any dividend payable is paid to him in Sterling or Chinese Yen,</li> <li>(d) on a return of assets on liquidation or otherwise, the assets of the company available for distribution shall be applied to the shares pro rata, and</li> <li>(e) the ordinary B shares are non-redeemable</li> </ul>         |

|   |  |
|---|--|
| C | <p>The ordinary C shares entitle the holder to</p> <ul style="list-style-type: none"><li>(a) one vote on a show of hands and one vote for every share of which he is holder on a poll vote,</li><li>(b) receive dividends to the exclusion of other classes of shares,</li><li>(c) elect that any dividend payable is paid to him in Sterling or Japanese Yen,</li><li>(d) on a return of assets on liquidation or otherwise, the assets of the company available for distribution shall be applied to the shares pro rata, and</li><li>(e) the ordinary C shares are non-redeemable</li></ul> |
|---|--|

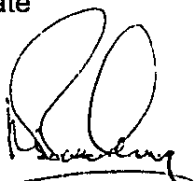
The undersigned being the persons eligible to vote on the above Resolutions on the Circulation Date hereby irrevocably agree to the Resolutions



Signature of Susan Jane Scott

19/06/15


Date



Signature of Nick Bailey

19/06/15

Date



Signature of Claire Marie Bailey

19/06/15

Date

**NOTES:**

- 1 If you agree to the Resolutions, please sign and date this document to confirm your agreement and then return it to the Company using one of the following methods
  - **By Hand** delivering the signed copy to the Company's Registered Office, or
  - **Post** returning the signed copy by post to Company's Registered Office
- 2 If you do not agree to the Resolutions, you do not need to do anything you will not be deemed to agree if you fail to reply
- 3 Once you have indicated your agreement to the Resolutions, you may not revoke your agreement
- 4 The Resolutions set out above will lapse if the required majority of eligible members have not signified their agreement to them within 28 days of the Circulation Date. If you agree to the Resolutions please ensure that your agreement reaches us before that date
- 5 In the case of joint holders of shares, only the vote of the senior holder who votes will be counted by the Company. Seniority is determined by the order in which the names of the joint holders appear in the register of members
- 6 If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**of**

**KEYSTAGE TEACHER SUPPLY LIMITED (CRN: 04099786)**



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**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**KEYSTAGE TEACHER SUPPLY LIMITED**

**(ADOPTED BY SPECIAL RESOLUTION PASSED ON 19 June 2015)**

**INTRODUCTION**

**1. INTERPRETATION**

- 1 1 In these Articles, unless expressly provided otherwise, the following words have the following meanings

**Acting in concert:** has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended),

**Adoption Date:** the date of adoption of these Articles,

**Articles:** the Company's articles of association for the time being in force,

**Available Profits:** profits available for distribution within the meaning of part 23 of the Act,

**A Shareholder:** the holder of A Shares from time to time,

**A Shares:** the ordinary A shares of £1 00 each in the capital of the Company from time to time,

**B Shareholder:** the holder of B Shares from time to time,

**B Shares:** the ordinary B shares of £1 00 each in the capital of the Company from time to time,

**Bad Leaver:** means

- (a) a shareholder who is obliged to serve a Transfer Notice pursuant to article 14 1(b) by reason of
- (i) imprisonment, or
  - (ii) theft from any Group Company, or
  - (iii) fraud, or
  - (iv) committing an indictable offence,

save where the termination of the employment of a Shareholder for a reason set out at (i) – (iv) above by the Company has been determined by a decision of an employment tribunal or court to be a substantively unfair dismissal (and not unfair only by reason of a failure by the Company to follow a correct procedure) and where that Shareholder

has commenced proceedings in respect of such claim within three months of the Termination Date, or

- (b) a shareholder who is obliged to serve a Transfer Notice pursuant to article 14 1(d), or
- (c) a shareholder who is obliged to serve a Transfer Notice pursuant to article 14 1(e), or
- (d) a shareholder who is obliged to serve a Transfer Notice pursuant to article 14 1(f),

unless the Board at its absolute discretion otherwise determines that such Shareholder is deemed a Good Leaver

**Board:** the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles,

**Business Day:** any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,

**C Shares:** the ordinary C shares of £1 00 each in the capital of the Company from time to time,

**C Shareholder:** the holder of C Shares from time to time,

**Chairman:** has the meaning given to it in Article 17,

**Companies Act or Act:** the Companies Act 2006,

**Company:** means Keystage Teacher Supply Limited (company number 04099786),

**connected:** has the meaning given in section 1122 Corporation Taxes Act 2010,

**Continuing Shareholders:** has the meaning given in Article 12 5(a),

**Controlling Interest:** a legal and beneficial interest in 65% or more of the shares,

**Directors:** the directors of the Company from time to time,

**Eligible Director:** means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter),

**Encumbrance:** any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect,

**Fair Value:** has the meaning given by Article 13,

**Financial Year:** in relation to the Company means the period from 1 August to 31 July (or such other accounting period as the Company may agree),

**Good Leaver:** a shareholder who is obliged to serve a Transfer Notice pursuant to article 14 1 and he is not a Bad Leaver,

**Group Company:** the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time,

**Independent Expert:** an independent accountant or firm of independent accountants who are sufficiently experienced in the valuation of shares in private companies, and who are appointed either by agreement between the relevant parties or (failing agreement within 5 Business Days of written notification by either party to the other), upon the written application of either party, by the President for the time being of the Institute of Chartered Accountants in England and Wales (such accountant or firm of accountants acting as an expert and not as an arbitrator),

**Issue Price:** the price at which a Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value of such Share and any share premium thereon,

**Model Articles:** the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the Adoption Date,

**Relevant Securities:** any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than

- (a) the grant of any options under an employee share option scheme (and the issue of Shares on the exercise of any such options),
- (b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under the Shareholders' Agreement,

**Sale Shares:** the Shares specified or deemed to be specified for sale in a Transfer Notice or Transfer Notice required to be served,

**Seller:** the transferor of shares pursuant to a Transfer Notice,

**Shareholder:** a holder for the time being of any Share or Shares,

**Shareholders' Agreement:** the shareholders' agreement dated on or around the Adoption Date between, amongst others, the Company and the Shareholders (as the same may have been varied, supplemented, adhered to or superseded in accordance with its terms for the time being),

**Shares:** shares (of any class) in the capital of the Company and **Share** shall be construed accordingly,

**Share Sale:** means the completion of any sale of any interest in any Shares (whether in one transaction or in a series of related transactions) resulting in the transferee (either alone or together with its Connected persons) securing a Control Interest of the Company,

**Subsidiary and Holding Company:** mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee,

**Termination Date:**

- (a) where employment ceases by virtue of notice given by the Company to the employee, the date on which such notice expires,



- (b) where a contract of employment is terminated by the Company and a payment is made in lieu of notice, the date on which notice of termination was served,
- (c) where employment ceases by virtue of notice given by the employee to the Company, the date on which such notice was served,
- (d) where an employee dies, the date of his death, and
- (e) in any other case, the date on which the employment agreement is terminated, and

**Transfer Notice:** a notice in writing given or required to be given by any Shareholder to the Company whereby that Shareholder desires, or is required by these Articles, to transfer (or enter into an agreement to transfer) any Shares

1 2 A reference in these Articles to

- (a) an **Article** is a reference to the relevant numbered article of these Articles, and
- (b) a **model article** is a reference to the relevant article in the Model Articles,

unless expressly provided otherwise

1 3 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date)

1 4 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles

1 5 In these Articles, words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa

1 6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of

- (a) any subordinate legislation from time to time made under it, and
- (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts

## 2. **ADOPTION OF THE MODEL ARTICLES**

2 1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation. A copy is set out in the Schedule to these Articles

- 2 2 Model articles 7, 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 16, 21, 22, 26(5), 38, 39, 49, 50 and 51 to 53 (inclusive) shall not apply to the Company
- 2 3 In model article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 2 4 Model article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"

## **DIRECTORS**

### **3. NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two

### **4. PROCEEDINGS OF DIRECTORS**

- 4 1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with Article 4 2 (subject to Article 4 3 and Article 4 4) All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and, subject to Article 4 8, resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes
- 4 2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter
- 4 3 A decision taken in accordance with Article 4 2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing
- 4 4 A decision may not be taken in accordance with Article 4 2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with Article 4 6
- 4 5 Any Director may call a meeting of the Directors At least five Business Days' advance notice in writing of each such meeting shall be given to each Director The Directors may unanimously agree in writing to hold such meeting on shorter notice provided that the interests of the Company would not, in the reasonable opinion of a Shareholder, be likely to be materially adversely effected by the business being transacted at that meeting being dealt with urgently
- 4 6 The quorum for any meeting (or part of a meeting, as the case may be) of the Directors shall be two Eligible Directors If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned for five Business Days to the same time and place If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then the meeting shall not proceed to business
- 4 7 If the number of Directors in office for the time being is less than two, the Director in office must not take any decision other than a decision to
- (a) appoint further Director(s), or

- (b) call a general meeting so as to enable the Shareholders to appoint further Directors or amend these Articles, as appropriate

4 8 If there is an equality of votes at a meeting of the Directors, the Chairman (or other chairman of the meeting) shall have a casting vote

## **5. APPOINTMENT AND REMOVAL OF DIRECTORS**

5 1 Model article 17(1) shall be modified by the inclusion, at the end of that model article, of the words "provided that the appointment is made in accordance with the Shareholders' Agreement"

5 2 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director

- (a) "for whatever reason he shall cease to be employed by the Company,
- (b) he has for more than six consecutive months been absent without permission of the Directors from meetings of Directors held during that period and his alternate Director (if any) has not during that period attended any such meetings instead of him, and the Directors resolve that his office be vacated, or
- (c) he is removed from office by an ordinary resolution of the Shareholders "

## **6. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and the terms of the Shareholders' Agreement and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested,
- (b) shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested,
- (c) shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested,
- (d) may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested, and
- (e) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

## 7. DIRECTORS' CONFLICTS

- 7 1 For the purposes of section 175 of the Act, the Shareholders (and not the Directors) shall have the power to authorise, by ordinary resolution and in accordance with the provisions of these Articles, any matter or situation proposed to them by any Director which would, if not so authorised, involve a Director (an "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**")
- 7 2 Any authorisation by the Shareholders of a Conflict under this Article may (whether at the time of giving the authorisation or subsequently)
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
  - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict,
  - (c) provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict,
  - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Shareholders think fit,
  - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence, and
  - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent that they relate to such matters
- 7 3 Where the Shareholders authorise a Conflict
- (a) the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Shareholders in relation to the Conflict, and
  - (b) the Interested Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act, provided he acts in accordance with such terms and conditions (if any) as the Shareholders impose in respect of their authorisation
- 7 4 The Shareholders may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation
- 7 5 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Shareholders in accordance with these Articles (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

## **SHARES AND DISTRIBUTIONS**

### **8. DIVIDENDS**

- 8 1 Subject to the requirements of the Companies Act and after making all necessary, reasonable and prudent provisions and reserves for taxation and extraordinary items and working capital requirements in relation to any particular Financial Year, the Shareholders shall procure that the Company shall distribute by way of dividend such amount (if any) of the remaining Available Profits of the Company in respect of any Financial Year, subject to the following conditions
- (a) in such amounts, and to such class of Shares to the exclusion of other classes, if any, as the Board may by a unanimous decision decide from time to time in its absolute discretion having regard to the duties owed by the directors to the Company pursuant to chapter 2 of part 10 the Companies Act, and
  - (b) as the Company may determine by ordinary resolution in respect of final dividends
- 8 2 Dividends may be declared on one or more class of Shares to the exclusion of other classes
- 8 3 The A Shares shall entitle the holder thereof to elect that any dividend payable in accordance with these Articles is paid to him in Sterling or American US Dollars
- 8 4 The B Shares shall entitle the holder thereof to elect that any dividend payable in accordance with these Articles is paid to him in Sterling or Chinese Yen
- 8 5 The C Shares shall entitle the holder thereof to elect that any dividend payable in accordance with these Articles is paid to him in Sterling or Japanese Yen
- 8 6 Any dividends elected to be paid to a Shareholder, other than in pounds Sterling, will be paid in the corresponding amount in the elected currency in accordance with the applicable and converted market rate at the time that such dividend is paid
- 8 7 Each dividend shall accrue daily (assuming a 365 day year) as well after as before the commencement of a winding up and all dividends are expressed net and shall be paid in cash

### **9. CAPITAL**

On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of shares), the assets of the Company remaining after the payment of or provision for its liabilities shall be distributed (to the extent that the Company is lawfully able to do so) amongst the holders of Shares pro rata according to the amount paid up or credited as paid up on each such Share

### **10. PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES**

- 10 1 Save to the extent authorised by these Articles and in accordance with the Shareholders' Agreement, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares

- 10 2 Subject to the provisions of Articles 10 3 to 10 9, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to
- (a) offer or allot,
  - (b) grant rights to subscribe for or to convert any security into, and
  - (c) otherwise deal in, or dispose of,
- any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper
- 10 3 The authority referred to in Article 10 2
- (a) shall be limited to a maximum nominal amount of £100 00,
  - (b) shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution, and
  - (c) may only be exercised for a period of one year from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired)
- 10 4 If the Company wishes to issue further Shares, each of the Shareholders shall procure (so far as is lawfully possible in the exercise of his rights and powers as a Shareholder of the Company) that the Company offers, by giving written notice to each respective Shareholder, that proportion of the Shares proposed to be issued which the number of Shares held by that Shareholder bears to the total number of Shares in issue at the time the Company gives its notice. Such offer shall state the number of Shares to be issued and the price of the Shares
- 10 5 Each Shareholder may accept the offer by giving notice to the Company, at any time within 10 Business Days following the Company's notice, accompanied by a banker's draft made payable to the Company in respect of full payment for the Shares to be subscribed for
- 10 6 Any Shares referred to in the Company's offer, for which the Shareholders do not subscribe, may be issued by the Company as it thinks fit, provided that any such issue is completed within 10 Business Days after the Company's notice of the offer
- 10 7 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company
- 10 8 Any person who is allotted Shares in their capacity as a current or prospective employee or director of the Company hereby undertakes that he shall enter into an election with the Company pursuant to section 431(1) of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA) in the form approved by Her Majesty's Revenue and Customs (HMRC) to elect to pay income tax (if any) computed by reference to the unrestricted market value of the Shares acquired by him no later than 14 days after the subscription or acquisition of such Shares or such longer period as HMRC may direct
- 10 9 Each person who becomes a party to this Agreement in their capacity as an current or prospective employee or director shall provide to the Company

such information as it shall require for the purposes of fulfilling its obligations as a responsible person within the meaning of section 421L of ITEPA

**11. TRANSFERS OF SHARES: GENERAL**

- 11 1 In these Articles reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share
- 11 2 No Share may be transferred unless the transfer is made in accordance with these Articles and the Board shall refuse to register any transfer of Shares made in contravention of the provisions of these Articles
- 11 3 Any transfer of a Share by way of sale that is required to be made under any of Articles 11, 12 and 14 shall be deemed to include a warranty that the transferor sells the Shares with full title guarantee
- 11 4 In addition to the provisions of model article 26, the Directors may refuse to register a transfer if it is a transfer of a share to a bankrupt, a minor or a person of unsound mind. Model article 26 shall be modified accordingly
- 11 5 The Directors must, as a condition to the registration of any transfer or allotment of Shares in the Company require the transferee or allottee to execute and deliver to the Company a deed agreeing to be bound by the terms of the Shareholders' Agreement in force between the Shareholders and the Company in such form as the Directors may reasonably require. If any condition is imposed in accordance with this Article 11 5, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee or allottee (as the case may be)
- 11 6 For the purpose of determining whether or not there has been any disposal of Shares (or any interest in Shares) in contravention of the provisions of these Articles, the Directors may require any Shareholder, or the legal personal representatives of any deceased Shareholder, or any person named as transferee in any transfer lodged for registration or any other person who the Directors may reasonably believe to have information relevant to that purpose, to provide the Company with such information and evidence that the Directors request regarding any matter which they deem relevant to that purpose. Failing such information or evidence being provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred or if, as a result of the information and evidence, the Directors are reasonably satisfied that a breach has occurred the Directors shall immediately notify the Shareholder of such Shares in writing of that fact and the following shall occur
- (a) the relevant Shares shall cease to confer on the Shareholder of them (or any proxy) any rights
    - (i) to vote, whether on a show of hands or on a poll, and whether exercisable at a general meeting of the Company or by signing a written resolution, or
    - (ii) to receive dividends or other distributions otherwise attaching to those Shares or to any further shares in the capital of the Company issued in respect of those Shares, or in pursuance of an offer made to the relevant holder, and

- (b) the holder may be required, at any time following receipt of the notice, to serve a Transfer Notice in respect of his Shares whereupon Article 14 1 shall apply (and the Sale Price shall be calculated in accordance with clause 14 3(a)(i))

The rights referred to in Article 11 6(a) shall be reinstated on the completion of any transfer referred to in Article 11 6(b)

- 11 7 In any case where the Board requires a Transfer Notice to be given pursuant to Article 11 6 or Article 14 1 in respect of any Shares, if a Transfer Notice is not duly given within 10 Business Days of the demand being made, a Transfer Notice shall be deemed to have been given at the end of that period

## 12. VOLUNTARY TRANSFER OF SHARES

- 12 1 Save where the provisions of Article 16 apply (and subject to Article 14 and the Shareholders' Agreement), any transfer of any Shares shall be subject to the pre-emption rights contained in this Article 12

- 12 2 A Shareholder who wishes to transfer any Shares (**Seller**) shall before transferring or agreeing to transfer any Shares give a Transfer Notice to the Company (copied to each Continuing Shareholder) specifying

- (a) the number of Sale Shares which he wishes to transfer,
- (b) the identity of the person (if any) to whom the Seller wishes to transfer the Sale Shares, and
- (c) subject to Article 12 3 the price per share (in cash) at which the Seller wishes to transfer the Sale Shares (**Proposed Transfer Price**)

- 12 3 A Transfer Notice constitutes the Board as the agent of the Seller for the sale of the Sale Shares in accordance with this Article 12 (and shall not be revocable except in accordance with Article 12 4 or with the consent of the Directors) and at a price for the Sale Shares (**Sale Price**) which either

- (a) has been agreed in writing between the Seller and the Continuing Shareholders, or
- (b) failing such agreement within 20 Business Days of the date of the Transfer Notice, has been determined as their Fair Value in accordance with Article 13 upon the application (in writing) to the Board of either the Continuing Shareholders or the Seller

- 12 4 Once given, a voluntary Transfer Notice may only be withdrawn by the Seller where the Sale Price is to be the Fair Value and such Fair Value is less than the Proposed Transfer Price. In such case, the Seller may within 7 Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice. If such Transfer Notice is withdrawn, the costs of the Independent Expert shall be borne by the Seller. A deemed Transfer Notice required to be served pursuant to Article 14 1 may not be withdrawn

## 12 5 FIRST OFFER

- (a) Subject to Article 12 11 and Article 12 12 and following the agreement or determination of the Sale Price in accordance with Article 12 3, the Board shall within 20 Business Days of such agreement or determination by written notice (**Offer Notice**) offer such Sale Shares to all remaining Shareholders other than the Seller (**Continuing Shareholders**) inviting them to apply in writing within a period no later than 20 Business Days after the date of the Offer Notice (**First Offer Period**) for the maximum number of such remaining Sale Shares they



wish to buy The Sale Shares shall be treated as being offered to each Continuing Shareholder in the proportion which his existing holding of Shares bears to the total number of Shares held by all Continuing Shareholders

- (b) If, at the end of the First Offer Period (or if earlier, upon responses being received from all of the Continuing Shareholders), the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares so offered, the Board shall allocate such Sale Shares to each Continuing Shareholder who has applied for Sale Shares (**Accepting Continuing Shareholder**) in the proportion which his existing holding of Shares bears to the total number of Shares held by the Accepting Continuing Shareholders but no allocation shall be made to a Continuing Shareholder of more than the maximum number of such Sale Shares which he has stated he is willing to buy If it is not possible to allocate Sale Shares without involving fractions those fractions shall be aggregated and allocated amongst the Accepting Continuing Shareholders in such manner as the Board thinks fit
- (c) If not all the remaining Sale Shares contained in the Offer Notice are allocated in accordance with Article 12 5(b) and there are applications for such Sale Shares that have not been fully satisfied, those Sale Shares shall be allocated to the Accepting Continuing Shareholders whose applications were not fully satisfied in accordance with this Article 12 5(c) If the number of Sale Shares applied for is equal to the number of remaining Sale Shares, the remaining Sale Shares shall be allocated to the Accepting Continuing Shareholders in accordance with their applications If the number of Sale Shares applied for exceeds the number of remaining Sale Shares (such excess number being the **Excess Shares**) those Sale Shares shall be allocated to those Accepting Continuing Shareholders in the proportions that their existing holding of Shares (including Sale Shares already allocated) bear to the total number of Excess Shares but no allocation shall be made to a Shareholder of more than the maximum number of Excess Shares which he has stated he is willing to buy,

## 12 6 SECOND OFFER

In respect of any Sale Shares which have not been purchased by Continuing Shareholders pursuant to Article 12 5, the Board may within 20 Business Days of expiry of the First Offer Period (**Second Offer Period**) resolve by written notice (**Buyback Notice**) to the Seller that the Company shall, to the extent that it may lawfully do so out of its Available Profits for the purpose (and after making all necessary, reasonable and prudent provisions and reserves for taxation and extraordinary items and working capital requirements in relation to the particular Financial Year), purchase such Sale Shares from the Seller at the Sale Price in accordance with the Companies Act and the Board shall determine a reasonably prompt timetable for such purchase (not being more than 40 Business Days from the date of such Buyback Notice). All the Shareholders (including the Seller) shall adhere thereto and take all steps necessary (including passing any requisite shareholder resolutions and supplying all requisite written approvals pursuant to the Shareholders' Agreement) to give effect to such purchase in accordance with the Companies Act Nothing in this Article 12 6 shall be construed as requiring any Shareholder to do anything or take any steps in respect of a buyback of Shares other than where such buyback is funded out of the Available Profits of the Company available for the purpose

- 12 7 If, at the end of the Second Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares contained in the Offer Notice, and the Company has not served a Buyback Notice (or has served a Buyback Notice in respect of some but not all of any unallocated Sale Shares), the Board shall allocate the respective Sale Shares to the Accepting Continuing Shareholders in accordance with their applications (if any) and the balance (**Surplus Shares**) will be dealt with in accordance with Article 12 8(d)

12 8 ALLOCATION

- (a) If allocations have been made in respect of all the Sale Shares offered in accordance with Article 12 7 the Board shall, when no further offers are required to be made under Article 12 7, give written notice of allocation (an **Allocation Notice**) to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (an **Applicant**) specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 80 Business Days after the date of the original offer notice given under Article 12 5(a) for completion of the transfer of the Sale Shares
- (b) Upon service of an Allocation Notice and/or a Buyback Notice, the Seller must, against payment of the Sale Price, transfer the Sale Shares in accordance with the requirements specified in it
- (c) If the Seller fails to comply with the provisions of Article 12 5 or Article 12 8(b)
  - (i) any Director may on behalf of the Seller
    - (A) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants or the Company (as the case may be),
    - (B) receive the Sale Price and give a good discharge for it, and
    - (C) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Sale Shares purchased by them or, in the case of a purchase of Sale Shares by the Company, cancel such Sale Shares, and
  - (ii) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered to the Company his certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate)
- (d) If an Allocation Notice does not relate to all the Sale Shares (or no applications are made by the Continuing Shareholders to purchase any of the Sale Shares) and the Company has not served a Buyback Notice, then the Seller may, within 40 Business Days after service of the Allocation Notice (or expiry of the Second Offer Period where no applications were received) (but not later), transfer the Surplus Shares to the person identified in the Transfer Notice as the proposed transferee (or to such other transferee approved by the Board) at a price at least equal to the Sale Price with the prior consent in writing of the Continuing Shareholders

- 12 9 Forthwith upon a voluntary Transfer Notice being served by a Shareholder (or a deemed Transfer Notice pursuant to Article 14 1), the Shares subject to the relevant Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares
- 12 10 The Directors may (with the consent of a majority holder of Shares) reinstate the rights referred to in Article 12 9 at any time and, in any event, such rights shall be reinstated on completion of such transfer
- 12 11 Where a Transfer Notice is served by the holder of C Shares (whether voluntary or compulsory), those C Shares shall firstly be offered to the holder of B Shares for the Issue Price. If those Shares are not accepted for sale by the continuing holder of B Shares, those Shares shall be offered for sale in the order of priority in Articles 12 5 to 12 8 and the price for those Shares shall be the Sale Price pursuant to Article 12 3 (unless the provisions of Article 14 apply)
- 12 12 Where a Transfer Notice is served by the holder of B Shares (whether voluntary or compulsory), those B Shares shall firstly be offered to the holder of C Shares for the Issue Price. If those Shares are not accepted for sale by the continuing holder of C Shares, those Shares shall be offered for sale in the order of priority in Articles 12 5 to 12 8 and the price for those Shares shall be the Sale Price pursuant to Article 12 3 (unless the provisions of Article 14 apply)
- 12 13 Notwithstanding any other provisions of these Articles, no Shareholder holding Shares at the Adoption Date shall voluntarily serve a Transfer Notice prior to the fifth anniversary of the Adoption Date, save for with the prior consent in writing of all Shareholders

### **13. VALUATION**

- 13 1 Within 5 Business Days of an application by the Seller or the Continuing Shareholder pursuant to Article 12 3, or upon the Board being obliged to do so by the operation of Article 14, the Board shall appoint an Independent Expert to determine the Fair Value of the Sale Shares
- 13 2 The Fair Value of the Sale Shares shall be determined by the Independent Expert **as at the date of the Transfer Notice or, in the case of Article 14, as at the date of the event giving rise to the service of the Transfer Notice** on the following assumptions and bases
- (a) assuming that the entire issued share capital of the Company is being sold as between a willing buyer and a willing seller by arm's length private treaty for cash payable in full on completion,
  - (b) as if the Company is then carrying on business as a going concern and on the assumption that it will continue to do so,
  - (c) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent, and
  - (d) reflecting any other factors which the Independent Expert reasonably believes should be taken into account
- 13 3 Any Shareholder may make written proposals to the Independent Expert of factors which he or she considers to be relevant to the valuation of Sale

Shares provided that a copy of those proposals have firstly been sent to the Seller, and the Independent Expert shall not be obliged to take those proposals into account

- 13 4 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit
- 13 5 The Independent Expert shall be requested to determine the Fair Value within 20 Business Days of its appointment and to notify the Board of its determination
- 13 6 The Independent Expert shall act as an expert and not as an arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error) Subject to Article 12 4, the costs of the Independent Expert shall be borne as it shall direct, and failing any direction, equally between the Company and the Seller
- 13 7 The Independent Expert may have access to all accounting records or other relevant documents of the Company, subject to any confidentiality provisions
- 13 8 If the Independent Expert is asked to certify the Fair Value, its certificate shall be delivered to the Company As soon as the Company receives the certificate it shall deliver a copy of it to the Seller

#### **14. COMPULSORY TRANSFER OF SHARES**

- 14 1 In the event that a Shareholder
  - (a) who is an individual, dies, or
  - (b) who is an employee ceases to be an employee of any Group Company (where such cessation of employment arises otherwise than
    - (i) by reason of death, or
    - (ii) by reason of retirement after the age of 60, or
    - (iii) disability, illness or permanent incapacity which renders such Shareholder unable to work, or
    - (iv) permanent incapacity of that Shareholder's spouse or civil partner or dependent child which renders that Shareholder unable to work),
  - (c) who is lacking capacity (under section 2 of the Mental Capacity Act 2005) to make decisions in relation to the Company or his shareholding, or
  - (d) commits a breach of Articles 11, 12 or 16 or a breach of the Shareholders Agreement which is specified therein as a material breach and (where capable of remedy) is not remedied by the defaulting party to the reasonable satisfaction of the Board within 20 Business Days of its receipt of notification of such breach from the Board, or
  - (e) the shareholder having a disqualification order made against him under the Company Directors Disqualification Act 1986, or
  - (f) who is an individual, is adjudged bankrupt or has a trustee in bankruptcy appointed in respect of all or any part of his assets or enters into an arrangement with his creditors generally,

the Board may at its discretion within 3 months of the date of the event, require the Shareholder to serve a Transfer Notice in respect of all Shares of

which he is the holder at the time of such event (being, in the case of a Shareholder ceasing to be an employee, the Termination Date)

- 14 2 Upon the application of Article 14 1 (or any other provision of these Articles with express reference to this Article 14 2) to any Shareholder, the provisions of Article 12 3 to 12 8 shall apply to any resulting Transfer Notice provided always that

- (a) the Seller shall be the Shareholder to whom Article 14 1 or the relevant Article (as the case may be) applies,
- (b) the Sale Shares shall be all of the Shares held by the Seller,
- (c) the Sale Price will be calculated in accordance with Article 14 3, and
- (d) Shareholders other than the Seller shall be the “**Continuing Shareholders**” for the purpose of this Article

14 3 **SALE PRICE**

- (a) The Sale Price, in the case of a Transfer Notice being required by the Board to be given pursuant to Article 14 1
  - (i) where the Shareholder is a Bad Leaver, shall be restricted to a maximum of the lower of the aggregate Issue Price in respect of the Sale Shares, and the aggregate Fair Value of such Sale Shares, and
  - (ii) where the Shareholder is a Good Leaver, be the aggregate Fair Value of such Sale Shares

15. **MANDATORY OFFER ON A CHANGE OF CONTROL**

- 15 1 Except in the case of transfers made pursuant to Article 14 or pursuant to Article 16 following the service of a Drag Along Notice (as defined in Article 16 2), the provisions of Article 15 2 shall apply if, in one or a series of related transactions, one or more Sellers propose to transfer any of the Shares (**Proposed Transfer**) which would, if carried out, result in any person (**Buyer**), and any person Acting in Concert with the Buyer, acquiring either through a transaction or a series of connected transactions a Controlling Interest in the Company

- 15 2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer (**Offer**) to the other Shareholders to buy all of the Shares for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the twelve months preceding the date of the Proposed Transfer (**Specified Price**)

- 15 3 The Offer shall be given by written notice (**Offer Notice**), at least 20 Business Days (**Offer Period**) before the proposed sale date (**Sale Date**) To the extent not described in any accompanying documents, the Offer Notice shall set out

- (a) the identity of the Buyer,
- (b) the purchase price and other terms and conditions of payment,
- (c) the Sale Date, and
- (d) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**)

- 15 4 If the Buyer fails to make the Offer to all holders of Shares in the Company, the Seller(s) shall not be entitled to complete the sale and the Company shall not register any transfer intended to effect that sale
- 15 5 If the Offer is accepted by any Shareholder (**Accepting Shareholder**) within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders
- 15 6 The Proposed Transfer is subject to the pre-emption provisions of Article 12 but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions

**16. DRAG ALONG**

- 16 1 If the holder (or holders) of a Controlling Interest in the Company (**Selling Shareholders**) wish to transfer all of their interest in the Shares (**Sellers' Shares**) to a bona fide arm's length purchaser (**Proposed Buyer**), the Selling Shareholders may require all the other holders of Shares (**Called Shareholders**) to sell and transfer all their shares to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article (**Drag Along Option**)
- 16 2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (**Drag Along Notice**) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify that
- (a) the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this Article 16,
  - (b) the person to whom the Called Shares are to be transferred,
  - (c) the consideration payable for the Called Shares calculated in accordance with Article 16 4, and
  - (d) the proposed date of the transfer which shall not be earlier than the date falling 10 Business Days after the date of the notice
- 16 3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer by the proposed date of transfer. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice
- 16 4 The consideration payable for the Called Shares (**Called Share Price**) shall be the amount equal to the total price per share offered or payable by the Proposed Buyer for the Sellers' Shares (including any amount in money or money's worth and any deferred payments) subject to the Called Shareholders agreeing to the terms of any sale which are applicable to all Shareholders generally and otherwise normal, reasonable and proportionate to such a transaction. To the extent that any Called Shareholder fails to agree to such terms, the consideration payable for that Called Shareholder's Called Shares shall be reduced to reflect the balance of risk taken by the Shareholders by an amount to be determined by the Independent Expert
- 16 5 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless all of the Called Shareholders and the Selling Shareholders agree otherwise

- 16 6 The rights of pre-emption set out in these Articles shall not apply to any transfer of shares to a Proposed Buyer (or as it may direct) pursuant to a sale for which a Drag Along Notice has been duly served
- 16 7 By not later than 2 Business Days prior to the date proposed for the sale of the Called Shares, the Called Shareholders shall deliver stock transfer forms for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the expiration of that 2 Business Day period, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are due pursuant to Article 16 4 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 16 4 in trust for the Called Shareholders without any obligation to pay interest
- 16 8 To the extent that the Proposed Buyer has not, on the expiration of the 2 Business Day period referred to in Article 16 7, put the Company in funds to pay the consideration due pursuant to Article 16 4, the Called Shareholders shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this Article 16 in respect of their Shares
- 16 9 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this Article 16

## **DECISION-MAKING BY SHAREHOLDERS**

### **17. GENERAL MEETINGS**

- 17 1 No business other than, subject to Article 17 2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on
- 17 2 The chairman of the Board (**Chairman**) shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present, must appoint one of their number present (or, if no Directors are present a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting
- 17 3 Two qualifying persons present at a general meeting are a quorum

### **18. VOTING**

- 18 1 Subject to any other provisions in these Articles concerning voting rights, each of the Shares, shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company

## Final Version

18 2 Model article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that model article

18 3 Model article 45(1) shall be amended by

- (a) the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate", and
- (b) the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid" as a new paragraph at the end of that model article

## 19. LIEN

19 1 The Company has a lien over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future

19 2 The Company's lien over a Share

- (a) takes priority over any third party's interest in that Share, and
- (b) extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the company) the proceeds of sale of that Share

19 3 The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part

## 20. ENFORCEMENT OF THE COMPANY'S LIEN

20 1 Subject to the provisions of this Article, if

- (a) a lien enforcement notice has been given in respect of a Share, and
- (b) the person to whom the notice was given has failed to comply with it,

the Company may sell that Share in such manner as the Directors decide

20 2 A lien enforcement notice

- (a) may only be given in respect of a Share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
- (b) must specify the Share concerned,
- (c) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
- (d) must be addressed either to the holder of the share or to a transmittee of that holder, and
- (e) must state the Company's intention to sell the Share if the notice is not complied with



20 3 Where Shares are sold under this Article

- (a) the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser, and
- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale

20 4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied

- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice, and
- (b) second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's lien for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all Shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice

20 5 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's lien on a specified date

- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share, and
- (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share

**21. CALL NOTICES**

21 1 Subject to the Articles and the terms on which Shares are allotted, the Directors may send a notice (a **Call Notice**) to a Shareholder requiring the Shareholder to pay the Company a specified sum of money (a **Call**) which is payable to the Company at the date when the Directors decide to send the Call Notice

21 2 A Call Notice

- (i) may not require a Shareholder to pay a Call which exceeds the total amount of his indebtedness or liability to the Company,
- (ii) must state when and how any Call to which it relates is to be paid, and
- (iii) may permit or require the Call to be made in instalments

21 3 A Shareholder must comply with the requirements of a Call Notice, but no Shareholder is obliged to pay any Call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent

21 4 Before the Company has received any Call due under a Call Notice the Directors may

- (i) revoke it wholly or in part, or

(ii) specify a later time for payment than is specified in the notice,  
by a further notice in writing to the Shareholder in respect of whose Shares  
the Call is made

21 5 A Call Notice need not be issued in respect of sums which are specified, in  
the terms on which a Share is issued, as being payable to the Company in  
respect of that Share

- (i) on allotment,
- (ii) on the occurrence of a particular event, or
- (iii) on a date fixed by or in accordance with the terms of issue

## **22. FORFEITURE**

22 1 If a person is liable to pay a Call and fails to do so by the Call payment date

- (a) the Directors may issue a notice of intended forfeiture to that person,  
and
- (b) until the Call is paid, that person must pay the Company interest on the  
Call from the Call payment date at the relevant rate

22 2 A notice of intended forfeiture

- (a) may be sent in respect of any Share in respect of which a Call has not  
been paid as required by a Call Notice,
- (b) must be sent to the holder of that Share (or all the joint holders of that  
Share) or to a transmittee of that holder,
- (c) must require payment of the Call and any accrued interest and all  
expenses that may have been incurred by the Company by reason of  
such non-payment by a date which is not less than 14 clear days after  
the date of the notice (that is, excluding the date on which the notice is  
given and the date on which that 14 day period expires),
- (d) must state how the payment is to be made, and
- (e) must state that if the notice is not complied with, the Shares in respect  
of which the Call is payable will be liable to be forfeited

22 3 At any time before the Company disposes of a forfeited Share, the Directors  
may decide to cancel the forfeiture on payment of all Calls, interest and  
expenses due in respect of it and on such other terms as they think fit

## **ADMINISTRATIVE ARRANGEMENTS**

### **23. NOTICES**

23 1 Any notice, document or other information shall be deemed served on or  
delivered to the intended recipient

- (a) if properly addressed and sent by prepaid United Kingdom first class  
post to an address in the United Kingdom, 48 hours after it was posted  
(or five Business Days after posting either to an address outside the  
United Kingdom or from outside the United Kingdom to an address  
within the United Kingdom, if (in each case) sent by reputable  
international overnight courier addressed to the intended recipient,  
provided that delivery in at least five Business Days was guaranteed at  
the time of sending and the sending party receives a confirmation of  
delivery from the courier service provider), or

- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address
- 23 2 For the purposes of Article 23 1, no account shall be taken of any part of a day that is not a working day
- 23 3 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act

## 24. INDEMNITY AND INSURANCE

- 24 1 Subject to Article 24 2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled
  - (a) each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs, and
  - (b) the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 24 1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure
- 24 2 This Article 24 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law
- 24 3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss
- 24 4 In this Article 24
  - (a) **Relevant Loss** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company), and
  - (b) **Relevant Officer** means any director or other officer of any Group Company

**Appendix**

**Model Articles**

**SCHEDULE 1** Regulation 2

**MODEL ARTICLES FOR PRIVATE COMPANIES  
LIMITED BY SHARES**

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## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### **Defined terms**

1. In the articles, unless the context requires otherwise—

“articles” means the company’s articles of association,

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy,

“chairman” has the meaning given in article 12,

“chairman of the meeting” has the meaning given in article 39,

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company,

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called,

“distribution recipient” has the meaning given in article 31,

“document” includes, unless otherwise specified, any document sent or supplied in electronic form,

“electronic form” has the meaning given in section 1168 of the Companies Act 2006,

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company,

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006,

“holder” in relation to shares means the person whose name is entered in the register of

members as the holder of the shares,

“instrument” means a document in hard copy form,

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006,

“paid” means paid or credited as paid,

“participate”, in relation to a directors’ meeting, has the meaning given in article 10,

“proxy notice” has the meaning given in article 45,

“shareholder” means a person who is the holder of a share,

“shares” means shares in the company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006,

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a

shareholder or otherwise by operation of law, and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company

### **Liability of members**

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS’ POWERS AND RESPONSIBILITIES**

##### **Directors’ general authority**

3. Subject to the articles, the directors are responsible for the management of the company’s business, for which purpose they may exercise all the powers of the company

##### **Shareholders’ reserve power**

4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution

### **Directors may delegate**

**5.—**(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee,
  - (b) by such means (including by power of attorney),
  - (c) to such an extent,
  - (d) in relation to such matters or territories, and
  - (e) on such terms and conditions,
- as they think fit

(2) If the directors so specify, any such delegation may authorise further delegation of the

directors' powers by any person to whom they are delegated

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions

### **Committees**

**6.—**(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them

## **DECISION-MAKING BY DIRECTORS**

### **Directors to take decisions collectively**

**7.—**(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8

(2) If—

- (a) the company only has one director, and
  - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making

### **Unanimous decisions**

**8.—**(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting



(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

### **Calling a directors' meeting**

**9.—**(1) 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

(2) Notice of any directors' meeting must indicate—

(a) its proposed date and time,

(b) where it is to take place, and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting

(3) Notice of a directors' meeting must be given to each director, but need not be in writing

(4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it

### **Participation in directors' meetings**

**10.—**(1) Subject to the articles, directors participate in a directors' meeting, or part of a

directors' meeting, when—

(a) the meeting has been called and takes place in accordance with the articles, and

(b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is

### **Quorum for directors' meetings**

**11.—**(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting

(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two

(3) If the total number of directors for the time being is less than the quorum required, the

directors must not take any decision other than a decision—

(a) to appoint further directors, or

(b) to call a general meeting so as to enable the shareholders to appoint further directors

### **Chairing of directors' meetings**

- 12.—**(1) The directors may appoint a director to chair their meetings  
(2) The person so appointed for the time being is known as the chairman  
(3) The directors may terminate the chairman's appointment at any time  
(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it

### **Casting vote**

- 13.—**(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote  
(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes

### **Conflicts of interest**

- 14.—**(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes  
(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes  
(3) This paragraph applies when—  
(a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process,  
(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or  
(c) the director's conflict of interest arises from a permitted cause  
(4) For the purposes of this article, the following are permitted causes—  
(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries,  
(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities, and  
(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors  
(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting  
(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the

meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes

### **Records of decisions to be kept**

15. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors

### **Directors' discretion to make further rules**

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors

## **APPOINTMENT OF DIRECTORS**

### **Methods of appointing directors**

17.—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

(a) by ordinary resolution, or

(b) by a decision of the directors

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances

rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder

### **Termination of director's appointment**

18. A person ceases to be a director as soon as—

(a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,

(b) a bankruptcy order is made against that person,

(c) a composition is made with that person's creditors generally in satisfaction of that

person's debts,

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or

mentally incapable of acting as a director and may remain so for more than three months,

(e) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*

(f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms

### **Directors' remuneration**

**19.—**(1) Directors may undertake any services for the company that the directors decide

(2) Directors are entitled to such remuneration as the directors determine—

(a) for their services to the company as directors, and

(b) for any other service which they undertake for the company

(3) Subject to the articles, a director's remuneration may—

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day

(5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested

### **Directors' expenses**

**20.** The company may pay any reasonable expenses which the directors properly incur in

connection with their attendance at—

(a) meetings of directors or committees of directors,

(b) general meetings, or

(c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company

## **PART 3**

## **SHARES AND DISTRIBUTIONS**

### **SHARES**

#### **All shares to be fully paid up**

- 21.—**(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue  
(2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum

### **Powers to issue different classes of share**

- 22.—**(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution  
(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares

### **Company not bound by less than absolute interests**

- 23.** Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it

### **Share certificates**

- 24.—**(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds  
(2) Every certificate must specify—  
(a) in respect of how many shares, of what class, it is issued,  
(b) the nominal value of those shares,  
(c) that the shares are fully paid, and  
(d) any distinguishing numbers assigned to them  
(3) No certificate may be issued in respect of shares of more than one class  
(4) If more than one person holds a share, only one certificate may be issued in respect of it  
(5) Certificates must—  
(a) have affixed to them the company's common seal, or  
(b) be otherwise executed in accordance with the Companies Acts

### **Replacement share certificates**

- 25.—**(1) If a certificate issued in respect of a shareholder's shares is—  
(a) damaged or defaced, or  
(b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares  
(2) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates,
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced, and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide

### **Share transfers**

- 26.—**(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor
- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share
  - (3) The company may retain any instrument of transfer which is registered
  - (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it
  - (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent

### **Transmission of shares**

- 27.—**(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share
- (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—
    - (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
    - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had
  - (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares

### **Exercise of transmittees' rights**

- 28.—**(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it
  - (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred

### **Transmittees bound by prior notices**

**29.** If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **Procedure for declaring dividends**

**30.—**(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends

(2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors

(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights

(4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

(5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear

(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment

(7) If the directors act in good faith, they do not incur any liability to the holders of shares

conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights

### **Payment of dividends and other distributions**

**31.—**(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—

(a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide,

(b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide,

(c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide, or

(d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide

(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—

- (a) the holder of the share, or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee

### **No interest on distributions**

**32.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the company

### **Unclaimed distributions**

**33.—**(1) All dividends or other sums which are—

- (a) payable in respect of shares, and
- (b) unclaimed after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the company until claimed

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it

(3) If—

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
- (b) the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company

### **Non-cash distributions**

**34.—**(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company)

(2) For the purposes of paying a non-cash distribution, the directors may make whatever

arrangements they think fit, including, where any difficulty arises regarding the distribution—

- (a) fixing the value of any assets,
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and
- (c) vesting any assets in trustees

### **Waiver of distributions**



**35.** Distribution recipients may waive their entitlement to a dividend or other distribution

payable in respect of a share by giving the company notice in writing to that effect, but if—

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or

bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share

## CAPITALISATION OF PROFITS

### **Authority to capitalise and appropriation of capitalised sums**

**36.—**(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve, and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions

(2) Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct

(5) Subject to the articles the directors may—

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another,

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments), and

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article

## PART 4

## DECISION-MAKING BY SHAREHOLDERS

### ORGANISATION OF GENERAL MEETINGS

#### **Attendance and speaking at general meetings**

**37.—**(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such

resolutions are passed at the same time as the votes of all the other persons attending the meeting

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them

#### **Quorum for general meetings**

**38.** No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum

#### **Chairing general meetings**

**39.—**(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”

### **Attendance and speaking by directors and non-shareholders**

**40.**—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

(a) shareholders of the company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting

### **Adjournment**

**41.**—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting

(4) When adjourning a general meeting, the chairman of the meeting must—

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

(a) to the same persons to whom notice of the company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain

(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place

## **VOTING AT GENERAL MEETINGS**

### **Voting: general**

**42.** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles

## **Errors and disputes**

**43.—**(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid  
(2) Any such objection must be referred to the chairman of the meeting, whose decision is final

## **Poll votes**

**44.—**(1) A poll on a resolution may be demanded—  
(a) in advance of the general meeting where it is to be put to the vote, or  
(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared  
(2) A poll may be demanded by—  
(a) the chairman of the meeting,  
(b) the directors,  
(c) two or more persons having the right to vote on the resolution, or  
(d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution  
(3) A demand for a poll may be withdrawn if—  
(a) the poll has not yet been taken, and  
(b) the chairman of the meeting consents to the withdrawal  
(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs

## **Content of proxy notices**

**45.—**(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—  
(a) states the name and address of the shareholder appointing the proxy,  
(b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed,  
(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine, and  
(d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate  
(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes  
(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions  
(4) Unless a proxy notice indicates otherwise, it must be treated as—  
(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself

### **Delivery of proxy notices**

**46.—**(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person

(2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given

(3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates

(4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf

### **Amendments to resolutions**

**47.—**(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

(a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

(b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution

## **PART 5**

## **ADMINISTRATIVE ARRANGEMENTS**

### **Means of communication to be used**

**48.—**(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company

(2) Subject to the articles, any notice or document to be sent or supplied to a director in

connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being

(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours

### **Company seals**

**49.—**(1) Any common seal may only be used by the authority of the directors

(2) The directors may decide by what means and in what form any common seal is to be used

(3) Unless otherwise decided by the directors, if the company has a common seal and it is

affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature

(4) For the purposes of this article, an authorised person is—

(a) any director of the company,

(b) the company secretary (if any), or

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied

### **No right to inspect accounts and other records**

**50.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder

### **Provision for employees on cessation of business**

**51.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary

## **DIRECTORS' INDEMNITY AND INSURANCE**

### **Indemnity**

**52.—**(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
  - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
  - (c) any other liability incurred by that director as an officer of the company or an associated company
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law
- (3) In this article—
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
  - (b) a “relevant director” means any director or former director of the company or an associated company

### **Insurance**

- 53.**—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss
- (2) In this article—
- (a) a “relevant director” means any director or former director of the company or an associated company,
  - (b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant director in connection with that director’s duties or powers in relation to the company, any associated company or any pension fund or employees’ share scheme of the company or associated company, and
  - (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate