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THE COMPANIES ACT 2006

SPECIAL RESOLUTION

Conversion from an "ordinary" limited company to a community interest company

Company type *company limited by shares*

Company no *07548430*

Company name *Kazuri Properties Ltd*

At a general meeting of the above company, duly convened and held at

*1st Watlington Rd
London N17 5NJ*

On *Jan 25 2012*, the following resolution was passed as a special resolution

RESOLUTION

That The following be added to the company's articles of association

- 1) *2a Kazuri Properties Ltd*

"The company is to be a community interest company "

- 2) The company's name be changed to

Kazuri Properties Co

- 3) The company's articles of association be altered so as to take the form of the articles of association attached to this resolution, in substitution for, and to the exclusion of, any articles of association of the company previously registered with the Registrar of Companies.

Heath
CHAIRMAN

Jan 23.12
DATE

TUESDAY



A19XW78R

A27 29/05/2012 #22

COMPANIES HOUSE
COMPANIES HOUSE

LD2 24/01/2012 #5
COMPANIES HOUSE

CIC 37

Declarations on Conversion to a Community Interest Company¹

*Please
complete in
typescript,
or in bold
black
capitals.*

Company Number 07548430

Company Name in full Kazuri Properties Ltd

Limited

**Proposed Company
Name in full** Kazuri Properties CiC

Community Interest Company/C.I.C. (delete as appropriate)

SECTION A: COMMUNITY INTEREST STATEMENT – beneficiaries

- 1 We/I, the undersigned, declare that the company will carry on its activities for the benefit of the community, or a section of the community². [Insert a short description of the community, or section of the community, which it is intended that the company will benefit in the space provided below]³

The company's activities will provide benefit to ...

Disenfranchised communities, particularly vulnerable women such as those leaving supported housing or ex offenders or domestic violence shelters with sustainable safe accommodation based on the Housing First model.

Young people not in employment, education or training by providing access to a bespoke property and leadership apprenticeship to develop the skills of the next generation

Central Government and Local Authorities by reducing the benefits bill by addressing in a holistic and systemic manner the core issues which create multiple exclusions and homelessness in the first instance, thereby creating a pathway out of dependency on benefits to a self sustaining, contributing lifestyle as a participant and a stakeholder in society

The public and society at large by engaging a community action model which will embrace change and capacity build a community owned asset base of skills and leaders

07548430

SECTION B: Community Interest Statement – Activities & Related Benefit

Please indicate how it is proposed that the company's activities will benefit the community, or a section of the community. Please provide as much detail as possible to enable the CIC Regulator to make an informed decision about whether your company is eligible to become a community interest company.

Activities (Tell us here what the company is being set up to do)	How will the activity benefit the community? <i>(The community will benefit by...)</i>
PROVIDE AFFORDABLE HOUSING PROVIDE ACCESS TO APPRENTICESHIP PROGRAMS FOR PEOPLE 16 - 25	The activity will benefit the community by lessening the long term benefits bill on the public purse by assisting people off the Local Authorities' housing waiting lists, reducing overcrowding and risk of homelessness, providing stability and a foundation from which to build a life fully engaged in employment / education or training The activity will benefit the community by creating a generation of stakeholders, included in society, not disenfranchised by providing a sustainable framework for young people affected by multiple exclusions, particularly young women traumatised by violence / domestic abuse development of marketable skills
Provide pathways to employment and education and training v	The activity will benefit people aged 25+ not in education / training / employment by by creating jobs and signposting to training and sustainable employment in building, development, regeneration, surveying and other property and enterprise / leadership roles
If the company makes any surplus it will be used for⁴...	
reinvesting in community projects such as buying and developing empty properties to be refurbished and let to those on the housing waiting lists / leaving prison / domestic violence	

(Please continue on separate sheet if necessary.)

COMPANY NUMBER

07548430

SECTION C: Declarations on conversion to a community interest company

Declaration 1

We/I, the undersigned, declare and understand that the company in respect of which this application is made:

(a) cannot be an incorporated charity and a community interest company⁵

AND;

(b) if we are an existing incorporated charity that we have been given written consent from the Charity Commission or the Scottish Charity Regulator⁶ to the company's conversion to a community interest company

Declaration 2

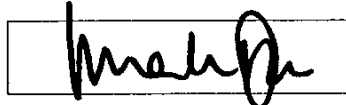
We/I, the undersigned, declare that the company in respect of which this application is made will not be:

(a) a political party;

(b) a political campaigning organisation; or

(c) a subsidiary of a political party or of a political campaigning organisation⁷

Signed



Date

23.1.13

Signed

Date

Signed

Date

Signed

Date

Signed

Date

(Please continue on separate sheet if necessary.)

⁵ A community interest company cannot benefit from charitable status. An existing company which wishes to become a community interest company must either not have charitable status or must satisfy the criteria set out in section C declaration 2(b).

⁶ A Scottish charitable company is a company, which is a Scottish charity. A Scottish charity is a body entered in the Scottish Charity register, kept by the Office of the Scottish Charity Regulator under the Charities and Trustee Investment (Scotland) Act 2005.

⁷ A company is not eligible to be formed as a community interest company if it will be an "excluded company". If you are not sure whether the company which you wish to form falls into any of these categories, you should refer to the definitions of the terms "political party", "political campaigning organisation" and "subsidiary" (and of the related terms "election", "governmental authority", "public authority" and "referendum") in Regulation 2 of the Regulations before completing this form.

CHECKLIST

This form must be accompanied by the following documents:

- (a) Special resolution stating the company should become a community interest company
- (b) Special resolution to alter the company's articles to state that it is to be a community interest company
- (c) Special resolution make such alterations of the company's articles as the company considers necessary to comply with requirements imposed by section 32 of the Act and Part 3 of the Regulations or which are otherwise appropriate in connection with becoming a community interest company
- (d) Special resolution to change the company's name to comply with section 33 of the Act
- (e) Form NM01- Notice of change of name
- (f) A printed copy of the articles of the company as altered by the special resolutions
- (g) Any completed continuation sheets
- (h) A cheque for £25 made payable to Companies House

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Farah Dan	
from Feather Mens	
London	
E1 IDH	Tel 07512 320700
DX Number	DX Exchange

When you have completed and signed the form please send it to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, EH3 9FF DX 235 Edinburgh

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

NOTES

¹ This form will be placed on the public record. Any information relevant to the application that you do not wish to appear on the public record, should be described in a separate letter addressed to the CIC Regulator and delivered to the Registrar of Companies with the other documents.

² The community interest test is referred to in section 35 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and is expanded upon in regulations 3, 4 & 5 of the Regulations.

³ E.g. "the residents of Oldtown" or "those suffering from XYZ disease".

⁴ It is expected that surpluses will be primarily used to benefit the community or be reinvested into the company to promote its aims rather than for the personal gain of shareholders and/or directors

NOTES

(1) On the formalities required when an existing company becomes a CIC, see generally section 37 of the Companies (Audit, Investigations and Community Enterprise Act) 2004 and Chapters 4.2, 5.1 and 5.3 of the Regulator's guidance notes (available from the CIC Regulator's website).

(2) This precedent is drafted as a certificate of passing of the special resolutions which a company must pass as part of the process of becoming a CIC. It is to be signed by the chairman of the general meeting at which the special resolutions are passed, certifying that the meeting was duly convened and the resolutions duly passed. As such it is the sort of document which should be forwarded to Companies House to show that the resolutions have been passed as required.

(3) Section 32 obliges every CIC to include in its articles a statement that it is to be a CIC. Section 37(1)(c) and section 33 of the Act oblige companies converting to become CICs to change their names to include one of the prescribed CIC corporate designations rather than "limited" or "plc". In addition, section 32 of the Act, and regulations made under it (see Part 3 of, and Schedules 1 to 3 to, the Community Interest Company Regulations 2005) prescribe that certain provisions relating to the governance of the company, and transfers of its assets (the "prescribed provisions"), must be included in CICs' articles.

(4) The precedent resolution complies with all these requirements. You may also want to make other changes. Broadly speaking, any provision of the company's articles can be changed by special resolution or notice of change of name by resolution, as appropriate. However, there are certain exceptions to this:

(i) the clause in the articles which specifies whether the company's registered office is to be located in England and Wales, Wales or Scotland, and

(ii) any clause which the articles state is unalterable, or can only be altered by some procedure more onerous than the passing of a special resolution.

(5) With the exception of the statement of CIC status, the precedent assumes that, rather than setting out each change introduced in the articles as a result of section 32 and the Regulations, the resolution will simply substitute a complete new form of memorandum and articles which includes all the changes. If, instead, you wish to introduce the prescribed provisions required by the Regulations (see note 3 above) piecemeal, you will need to add resolutions to that effect. But in any event, you must file a consolidated text of the articles as altered by any special resolution: it is an offence not to do so (see section 34 of the Companies Act 2006).

The Companies Act 2006

Community Interest Company Limited by Shares

Articles of Association¹

of

Kazuri Properties CiC

(CIC Limited by Shares, Schedule 2, Small Membership)

The Companies Act 2006
Community Interest Company Limited by Shares

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The Companies Act 2006

Articles of Association

of

Kazuri Properties CiC

INTERPRETATION

1. Defined terms

The interpretation of these Articles is governed by the provisions set out in the Schedule to the Articles

COMMUNITY INTERST COMPANY AND ASSET LOCK OF 35% OF ALL ITS SHARES

2. Community Interest Company

2 a The Company shall be a community interest company

3. Asset Lock²

3 1 The Company shall not transfer 35% of its net assets other than for full consideration

3 2 Provided the conditions in Article 3 3 are satisfied, Article 3 1 shall not apply to

(a) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body, and

(b) the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body.

3 3 The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the Memorandum and Articles of the Company

3 4 If

3 4 1 the Company is wound up under the Insolvency Act 1986, and

3.4 2 all its liabilities have been satisfied

any residual assets shall be given or transferred to the asset-locked body specified in Article 3 5 below ³

3 5 For the purposes of this Article 3, an asset-locked body has not yet been specified as a potential recipient of the Company's assets under Articles 3 2 and 3 4 However this will be done by a Resolution passed and agreed by the Members

The asset-locked body which has not yet been identified however it is agreed that it will not be established or conducted for private gain 100% of net surplus or assets will be used principally for the benefit of the community

OBJECTS, POWERS AND LIMITATION OF LIABILITY

4. Objects⁴

The objects of the Company are underpinned by the assumption that housing is a basic human right and by providing a person with safe, sustainable accommodation through the Housing First model, they can better access services to deal with other issues that might have brought around homelessness and social exclusion

- a to undertake in the development, refurbishment, purchase, acquisition and transfer of properties in order to manage them as a Social Landlord which can then rent properties through sustainable and affordable tenancies to disadvantaged and vulnerable women in the first instance and as a priority Other groups such as families at risk of homelessness and single men can also be accommodated upon agreement by the Members
- b to train and up-skill women to work in the property sector and become leaders in the field
- c To empower our tenants with proper support and signposting in areas which they have specified as identified, by them, aligned with a “personalisation” agenda To support women in their experience and style of management and ensure they are valued as much as men
- c provide work experience opportunities and create apprenticeships for young people .
- d To treat all our stakeholders, beneficiaries and employees with dignity and respect

The Company’s Objects are the advancement of equality and inclusion of women and other vulnerable and disenfranchised communities for the public benefit by -

- 5 1 promoting the representational, educational, social and general interests of all its Members,
- 5 2 providing services appropriate for the many different types of women and to support the unique nature of the Company,
- 5 3 supporting prospective, current and past customers and tenants in seeking gainful employment,
- 5 4 providing opportunities for the expression of our tenants’ opinion and actively representing the interests of our tenants ,
- 5 5 acting as a channel of communication between Government, Local Authority and other investors and other external bodies and fostering and encouraging independence and self sustainability amongst our tenants,
- 5 6 providing for the representation of our tenants on the Board and fostering good relationships with other housing providers and creating ethical partnerships to foster our tenants best interests;
- 5 7 raising funds for such purposes as are in accordance with the furtherance of these Articles according to the laws of England and Wales and to make grants and donations of such funds to other bodies or to apply such funds directly for such purposes, and
- 5 8 furthering the interests of all Stakeholders generally

In furtherance of these objects the Company shall have the following powers:

- a to ring-fence and use agreed operational surpluses to invest in areas of the supply chain which provides superior ethical cost advantage, such as registered social landlords and housing associations
- b wherever possible use ethically sourced products and enter into ethical partnerships

- c to pay any costs of expenses incurred for or in connection with the promotion, formation or incorporation of the Community Interest Company
- d to undertake, promote or finance lectures, meetings, broadcasts, exhibitions, publications and such like or otherwise endeavour to make known the objects and activities of the Company
- e to publish books, pamphlets, reports, leaflets, journals, films and instructional matter
- f to enter into any arrangement with any government agency or local authority
- g to raise funds or invite or receive contributions by way of subscription, donation or otherwise
- h to accept any gift of or otherwise acquire any real or personal property, whether or not subject to any trust
- i to acquire land or buildings or both, by purchase, lease, license or otherwise
- j to provide and equip any building or other premises with all necessary furniture, fittings and equipment
- k to sell, let, mortgage, dispose of or otherwise turn to account any property of the Company
- l to borrow or otherwise raise money
- m to invest any money of the Company not immediately required for its purposes
- n to employ or otherwise obtain the services of any individual, body corporate or unincorporated body
- o to establish and support or aid in the establishment and support or to amalgamate with any other institutions or associations and to subscribe or guarantee money for purposes in any way connected with the purposes of the Company or calculated to further its objects
- p to obtain, acquire and purchase all necessary permits, licenses or trademarks and other intellectual property rights required for the purpose of enabling the Company to carry on its objects upon such terms and conditions as it may think fit
- q to open and operate bank accounts and other facilities for banking in the name of the Company
- r insure the property of the Company against any foreseeable risk and take out other insurance policies as are considered necessary by the Directors to protect the Company
- s provide indemnity insurance to cover the liability of the Directors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Company, including without limitation any liability to make a contribution to the Company's assets as specified in section 214 of the Insolvency Act 1986 (wrongful trading), provided that any such insurance shall not extend to the provision of any indemnity for a person in respect of
 - i any act or omission which he or she knew to be a breach of trust or breach of duty or any act or omission which he or she knew to be a breach of trust or breach of duty or which was committed by him or her in reckless disregard to whether it was a breach of trust or breach of duty or not
 - ii any liability incurred by him or her in defending any criminal proceedings in which he or she is convicted of an offence arising out of any fraud or dishonesty, or wilful or reckless misconduct by him or her, or
 - iii which he or she is convicted of an offence arising out of any fraud or dishonesty, or wilful or reckless misconduct by him or her, or
 - iv in relation to any liability to make a contribution to the Company's assets as specified in section 214 of the Insolvency Act 1986, any liability to make such a contribution where the basis of the Director's liability is his or her knowledge prior to the insolvent liquidation of the Company (or reckless failure to acquire that knowledge) that there was no reasonable prospect that the Company would avoid going into insolvent liquidation;
- t to undertake, execute and manage any charitable trusts, endowments or similar

- u to subscribe, apply or guarantee money for any charitable purpose and
- v to do all such other lawful things as may be necessary for the attainment of the above objects or any of them

PROVIDED THAT:

The asset lock in the company which represents 35 % of the shares are established for charitable purposes only (in the legal meaning of the phrase) and as such those assets and property and income shall be held and applied only for such purposes and in consequence all the objects and powers stated above shall be understood as limited so far as is necessary to ensure that this proviso is complied with. The balance of 65% of the shares of the company are subject to normal conditions of trading financial instruments and may be bought and sold and traded as the Directors and shareholders deem appropriate

5 The income and property of the Company however derived shall be applied solely in furtherance of the objects of the Company as set out in this Memorandum of Association. Remuneration of Board members is permissible

- a i in respect of services actually rendered by that member to the Company a Board member may act in a professional capacity for the Company, and they or their firm shall be entitled to remuneration for professional services as if they were not a Board member, provided that nothing shall authorise a Board member or their firm to act as Auditor to the Company
- ii in respect of their role as a 'portfolio holder'

On the other hand nothing in this Memorandum of Association shall prevent:

- iii the payment in good faith of reasonable and proper remuneration to any officer, servant or employee of the Company (not being a member of the governing body of the Company) for services actually rendered or the reimbursement of out-of-pocket expenses incurred by any officer, servant or employee of the Company or any member of the governing body of the Company in or about the carrying out of his or her duties as such or the discharge of the business of the Company, or
- iv the payment to any officer, servant or employee of the Company or any member of the governing body of the Company of interest on money lent by him or her at rate per annum not exceeding 2% less than the base rate for the time being of a clearing bank selected by the governing body of the Company

5. Liability of shareholders⁵

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

6 Every member of the Company agrees that, if the Company is wound up while s/he is or within one year after s/he ceases to be a member, s/he will contribute to the assets of the Company such amount (not exceeding one pound) as may be required for payment of the debts and liabilities of the Company contracted before s/he ceased to be a member and the costs, charges and expenses of winding-up and the adjustment of the rights of the contributories as between them

7 If on the winding-up or dissolution of the Company there remains (after satisfaction of its debts and liabilities) the asset lock of 35% of any property whatsoever, which shall not be paid or

distributed among the members. Instead it shall be given or transferred to an organisation which has objects similar to those of the Company and which prohibits the distribution of its income and property among its members to an extent at least as great as the distribution of the income and property of the Company. The body to which the surplus property is to be paid or transferred shall be determined by the Company in general meeting. This clause 8 may only be changed by the unanimous vote of all members at an extraordinary General Meeting and section 17 of the Act shall not apply.

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES⁶

6. Directors' general authority

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.

7. Shareholders' reserve power

7.1 The shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specific action.

7.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

8. Chair

The Directors may appoint one of their number to be the chair of the Directors for such term of office as they may determine and may at any time remove him or her from office.

9. Directors may delegate⁷

9.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles or the implementation of their decisions or day to day management of the affairs of the Company

- (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.

9.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

- 9 3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions

DECISION-MAKING BY DIRECTORS

10. Directors to take decisions collectively⁸

Any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 16. In the event of the Company being a single director company, a majority decision is made when that single Director makes a decision.

11. Calling a Directors' meeting

- 11 1 Two Directors may (and the Secretary, if any, must at the request of two Directors) call a Directors' meeting.

- 11 2 A Directors' meeting must be called by at least seven Clear Days' notice unless either

11 2 1 all the Directors agree, or

11 2 2 urgent circumstances require shorter notice

- 11.3 Notice of Directors' meetings must be given to each Director

- 11 4 Every notice calling a Directors' meeting must specify.

11 4 1 the place, day and time of the meeting, and

11 4 2 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

- 11 5 Notice of Directors' meetings need not be in Writing

- 11 6 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose

12. Participation in Directors' meetings

- 12 1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when

12 1 1 the meeting has been called and takes place in accordance with the Articles, and

12 1 2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting

- 12 2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other⁹

-
- 12 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

13. Quorum for Directors' meetings¹⁰

- 13 1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting
- 13 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]
- 13 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
- 13 3 1 to appoint further Directors, or
- 13 3 2 to call a general meeting so as to enable the shareholders to appoint further Directors

14. Chairing of Directors' meetings

The Chair, if any, or in his or her absence another Director nominated by the Directors present shall preside as chair of each Directors' meeting

15. Voting¹¹

- 15 1 Questions arising at a Directors' meeting shall be decided by a majority of votes
- 15 2 In all proceedings of Directors each Director must not have more than one vote¹²
- 15 3 In case of an equality of votes, the Chair shall have a second or casting vote

16. Decisions without a meeting¹³

- 16 1 The Directors may take a unanimous decision without a Directors' meeting by indicating to each other by any means, including without limitation by Electronic Means, that they share a common view on a matter. Such a decision may, but need not, take the form of a resolution in Writing, copies of which have been signed by each Director or to which each Director has otherwise indicated agreement in Writing
- 16 2 A decision which is made in accordance with Article 16 1 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with
- 16 2 1 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors,

16 2 2 following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 16 2,

16 2 3 the date of the decision shall be the date of the communication from the Recipient confirming formal approval,

16 2 4 the Recipient must prepare a minute of the decision in accordance with Article 47

17. Conflicts of interest¹⁴

17 1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already

17 2 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors

17.3 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 18 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 18, he or she must

17 3 1 remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate,

17 3 2 not be counted in the quorum for that part of the meeting, and

17 3 3 withdraw during the vote and have no vote on the matter

17 4 When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her

18. Directors' power to authorise a conflict of interest

18 1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided

18 1 1 in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 19,

18 1 2 in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum,

18 1 3 the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation

18 2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 20 1 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed

18 3 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 20 1 (subject to any limits or conditions to which such approval was subject)

19. Register of Directors' interests

The Directors shall cause a register of Directors' interests to be kept A Director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared.

APPOINTMENT AND RETIREMENT OF DIRECTORS¹⁵

20. Methods of appointing Directors¹⁶

20 1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors

20 2 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 by a decision of the Directors

20 3 Each member of the company shall be a Director

21. Termination of Director's appointment¹⁷

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, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,
- (d) the Directors reasonably believe he or she is suffering from mental disorder and incapable of acting and they resolve that he or she be removed from office,
- (e) 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 (but only if at least two Directors will remain in office when such resignation has taken effect), or

- (f) the Director fails to attend three consecutive meetings of the Directors and the Directors resolve that the Director be removed for this reason
- (g) the Director ceases to be a member

22. Directors' remuneration¹⁸

22 1 Directors may undertake any services for the Company that the Directors decide

22 2 Subject to the Articles and in particular Article 3 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

22 3 Subject to the Articles and in particular Article 3, 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

22 4 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day

22 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

23. Directors' expenses

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

SHARES

24. All shares to be fully paid up and issued at nominal value to a Director

- 24 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
- 24 2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's Memorandum
- 24 3 No share shall be issued to a person except a Director

25. Powers to issue different classes of share¹⁹

- 25 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
- 25 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

26. Company not bound by less than absolute interests

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

27. Share certificates

- 27 1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds
- 27 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
- 27 3 No certificate may be issued in respect of shares of more than one class
- 27 4 If more than one person holds a share, only one certificate may be issued in respect of it
- 27 5 Certificates must:
 - (a) have affixed to them the Company's common seal,²⁰ or

- (b) be otherwise executed in accordance with the Companies Acts

28. Replacement share certificates

28 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

28 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

29. Share transfers²¹

29 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

29 2 No fee may be charged for registering any instrument of transfer or other Document relating to or affecting the title to any share

29 3 The Company may retain any instrument of transfer which is registered

29 4 The transferor remains the holder of a share until the transferee's name is entered in the register of shareholders as holder of it

29 5 The Directors may refuse to register the transfer of a share to a person of whom they do not approve

29 6 They may also refuse to register the transfer unless it is lodged at the registered office of the Company or at such other place as the Directors may appoint and is accompanied by such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and by such other information, as they may reasonably require

29 7 If the Directors refuse to register such a transfer, they shall, within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal

29 8 The provisions of this Article apply in addition to any restrictions on the transfer of a share which maybe set out elsewhere in the Memorandum or Articles of the Company

30. Purchase of own shares²²

Subject to the articles, the Company may purchase its own shares (including any redeemable shares) and may make a payment in respect of the redemption or purchase of its own shares otherwise than out of the distributable profits of the Company or the proceeds of a fresh issue of shares Any share so purchased shall be purchased at its nominal value

31. Transmission of shares²³

31 1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share

31 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

31 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

32. Exercise of transmittees' rights

32 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

32 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

32 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

33. Transmittees bound by prior notices

33 1 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 shareholders

DIVIDENDS AND OTHER DISTRIBUTIONS²⁴

34. Procedure for declaring dividends

- 34 1 Subject to the Companies Acts, the Regulations and the Articles, the Company may by ordinary resolution declare dividends, and the Directors may, provided that such decision is authorised by an ordinary resolution of the shareholders, decide to pay interim dividends.
- 34 2 For the avoidance of doubt the payment of dividends shall be considered to be a transfer of assets other than for full consideration and shall not be permitted other than in the circumstances prescribed in Article 3
- 34 3 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
- 34 4 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights
- 34 5 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
- 34 6 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
- 34 7 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
- 34 8 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

35. Payment of dividends and other distributions

- 35 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 indicated 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 indicated 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 indicated 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.

35 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

36. No interest on distributions

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

37. Unclaimed distributions

37 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

37 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.

37 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

38. Non-cash distributions

38 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)

38 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

39. Waiver of distributions

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

40. Authority to capitalise and appropriation of capitalised sums

40 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

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- 40 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
- 40 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
- 40 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
- 40 5 Subject to the Articles the Directors may:
- (a) apply capitalised sums in accordance with Articles 42 3 and 42 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

DECISION-MAKING BY SHAREHOLDERS

41. Meetings²⁵

- 41 1 The Directors may call a general meeting at any time.
- 41 2 General meetings must be held in accordance with the provisions regarding such meetings in the Companies Act ²⁶
- 41 3 A person who is not a shareholder of the Company shall not have any right to vote at a general meeting of the Company, but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures ²⁷
- 41 4 Article 43 3 shall not prevent a person who is a proxy for a member or a duly authorised representative of a member from voting at a general meeting of the Company

42. Written resolutions

- 42 1 Subject to Article 42 3, a written resolution of the Company passed in accordance with this Article 42 shall have effect as if passed by the Company in general meeting
- 42 1 1 A written resolution is passed as an ordinary resolution if it is passed by a simple majority of the total voting rights of eligible shareholders

43 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

43 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 an agreed time of their being sent, and for the agreed time to be less than 48 hours

44. Irregularities

The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not referred to in the notice unless a provision of the Companies Acts specifies that such informality, irregularity or want of qualification shall invalidate it

45. Minutes

45 1 The Directors must cause minutes to be made in books kept for the purpose:

45 1 1 of all appointments of officers made by the Directors,

45 1 2 of all resolutions of the Company and of the Directors (including, without limitation, decisions of the Directors made without a meeting), and

45 1 3 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting,

and any such minute, if purported to be signed (or in the case of minutes of Directors' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any shareholder or Director of the Company, be sufficient evidence of the proceedings

45 2 The minutes must be kept for at least ten years from the date of the meeting, resolution or decision

46. Records and accounts²⁸

The Directors shall comply with the requirements of the Companies Acts as to maintaining a shareholders' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of

46 1 annual reports,

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- 42.1.2 A written resolution is passed as a special resolution if it is passed by shareholders representing not less than 75% of the total voting rights of eligible shareholders. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.
- 42.2 In relation to a resolution proposed as a written resolution of the Company the eligible shareholders are the shareholders who would have been entitled to vote on the resolution on the Circulation Date of the resolution.
- 42.3 A shareholders' resolution under the Companies Acts removing a Director or an auditor before the expiration of his or her term of office may not be passed as a written resolution.
- 42.4 A copy of the written resolution must be sent to every shareholder together with a statement informing the shareholder how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Companies Acts.
- 42.5 A shareholder signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated Document identifying the resolution to which it relates and indicating his or her agreement to the resolution.
- 42.5.1 If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the shareholder's signature.
- 42.5.2 If the Document is sent to the Company by Electronic Means, it is authenticated [if it bears the shareholder's signature] or [if the identity of the shareholder is confirmed in a manner agreed by the Directors] or [if it is accompanied by a statement of the identity of the shareholder and the Company has no reason to doubt the truth of that statement] or [if it is from an email Address notified by the shareholder to the Company for the purposes of receiving Documents or information by Electronic Means].
- 42.6 A written resolution is passed when the required majority of eligible shareholders have signified their agreement to it.
- 42.7 A proposed written resolution lapses if it is not passed within 28 days beginning with the Circulation Date.

ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

43. Means of communication to be used

- 43.1 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.

46 2 annual returns, and

46 3 annual statements of account

46 4 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

47. Indemnity

47 1 Subject to Article 49 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), and
- (c) any other liability incurred by that Director as an officer of the Company or an associated company

47 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

47 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

48. Insurance

48 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.

48 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

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- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate

49. Exclusion of model articles

The relevant model articles for a company limited by shares are hereby expressly excluded

SCHEDULE
INTERPRETATION

- 1 In the Articles, unless the context requires otherwise, the following terms shall have the following meanings

Term	Meaning
“Address”	includes a number or address used for the purposes of sending or receiving Documents by Electronic Means,
“Articles”	means the Company’s articles of association,
“asset-locked body”	means (i) a community interest company or a charity ²⁹ or a Permitted Industrial and Provident Society, or (ii) a body established outside the United Kingdom that is equivalent to any of those,
“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,
“Chair”	has the meaning given in Article 10,
“Circulation Date”	in relation to a written resolution, has the meaning given to it in the Companies Acts;
“Clear Days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect,
“community”	is to be construed in accordance with the section 35(5) of the Companies (Audit, Investigations and Community Enterprise) Act 2004,
“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,
“Company”	[] [Community Interest Company/C I C],
“Conflict of Interest”	any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty

	to another organisation or otherwise) that conflicts or might conflict with the interests of 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 37,
“Document”	includes, unless otherwise indicated, any document sent or supplied in Electronic Form,
“Electronic Form and Electronic Means”	have the meanings respectively given to them 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 shareholders as the holder of the shares,
“instrument”	means a Document in Hard Copy Form,
“Memorandum”	the Company’s memorandum of association,
“paid”	means paid or credited as paid,
“participate”	in relation to a Directors’ meeting, has the meaning given in Article 14,
“Permitted Industrial and Provident Society”	means an industrial and provident society which has a restriction on the use of its assets in accordance with regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 or regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006,
“the Regulator”	means the Regulator of Community Interest Companies;
“the Regulations”	means the Community Interest Company Regulations 2005 (as amended),

“Secretary”	the secretary of the Company (if any);
“shareholder”	means a person who is the holder of a share;
“shares”	means shares in the Company,
“specified”	means specified in the memorandum or articles of association of the Company for the purposes of this paragraph,
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006,
“transfer”	includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or right over, any property,
“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

- 2 Subject to clause 3 of this Schedule, any reference in the Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it
- 3 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Acts as in force on the date when these Articles become binding on the Company

Explanatory Notes : CIC Limited by Shares, Schedule 2, Small Membership

¹ On articles of association generally, see [Part 5] of the Regulator's information and guidance notes. If you are an existing company wishing to become a community interest company, there is no need to adopt completely new articles, but you must comply with the requirements of the Regulations by including the provisions set out in Schedule 2 to the Regulations in the articles of your company.

² See [Part 6] of the Regulator's information and guidance notes. Inclusion of the provisions contained in articles 3.1 to 3.3 (reflecting paragraph 1(1) to (3) of Schedule 2 to the Regulations) is mandatory.

³ When a CIC is wound up, its "residual assets" are any property remaining after satisfaction of the company's liabilities under the Insolvency Act 1986. The Regulations permit shareholders to be paid back, out of the residual assets, the nominal value of their shares. Anything left over after this process is classed as "remaining residual assets" and must be paid to a specified Asset Locked Body (or, if no such body is specified, to an Asset Locked Body chosen by the Regulator in consultation with the company).

⁴ On the specification of the company's objects, see [Part 5] of the Regulator's information and guidance notes.

⁵ On limited liability and share capital generally, see [Part 3] of the Regulator's information and guidance notes.

⁶ Note that although this model constitution assumes that all directors are issued shares and the directors are given wide powers, under the Articles (and company law more generally) there are still some decisions which shareholders must make as shareholders (either in general meeting under the Companies Act 2006 (article 43), or by written resolution in accordance with article 44). [See in general the Companies House guidance booklet, "Resolutions" (available online at <http://www.companieshouse.gov.uk/about/gbhtml/gba7.shtml>)]

⁷ Article 11 permits the directors to delegate any of their functions. Delegation may take the form of, for instance, the directors giving a managing director general authority to run the company's day to day business, or responsibility for specific matters being delegated to particular directors (e.g. financial matters to a finance director). Or, it may be equally appropriate to delegate matters to persons other than directors. In all cases, it is important to remember that delegation does not absolve directors of their general duties towards the company and their overall responsibility for its management. This means that, amongst other things, directors must be satisfied that those to whom responsibilities are delegated are competent to carry them out.

⁸ Article 12 states that the directors must make decisions by majority at a meeting subject to article 14, or unanimously if taken in accordance with article 18.

⁹ Article 14.2 is designed to facilitate the taking of decisions by the directors via telephone or video conference calls. Note the requirement to keep a written record of meetings and decisions (article 47).

¹⁰ The quorum may be fixed in absolute terms (e.g. "two directors") or as a proportion of the total number of directors (e.g. "one third of the total number of directors"). You may even wish to stipulate that particular named directors, or directors representing particular stakeholder interests, must be present to constitute a quorum.

¹¹ Article 17 reflects paragraph 4 of Schedule 2 to the Regulations, which is required to be included in the articles of all community interest companies limited by shares.

¹² You may wish to include a provision which gives the Chair of the board a casting vote. This will enable the directors to resolve any deadlock at board level.

¹³ Article 18 is designed to facilitate the taking of decisions by directors following discussions in the form of, for example, email exchanges copied to all the directors. Note the requirements as to recording the decision in articles 18.2 and 47.

¹⁴ The provisions in articles 19 and 20 reflect the position under the Companies Act 2006. However, it is recommended that, as a matter of good practice, all actual and potential conflicts of interest are disclosed in writing or at a meeting, as the case may be.

¹⁵ Private companies are obliged to have only one director. Provisions can be inserted into the articles providing for a minimum number of directors. Where the company has just one director, that director must be a natural person. Article 12 notes that, where there is only one director, a majority decision is reached when that director makes a decision. In the case of a single director, the quorum provisions (article 15) will need to be amended accordingly.

¹⁶ In this set of model articles, there is no requirement for all directors to be members (shareholders) of the company, since it is likely that the only member will be Asset Locked Bodies.

¹⁷ The board of directors cannot remove a director other than in accordance with the provisions in article 23 and the Companies Act 2006.

¹⁸ See the guidance on directors' remuneration in [Part 9] of the Regulator's information and guidance notes.

¹⁹ Note that unless specific wording is added to the contrary, the directors of a company with only one class of shares will be able to issue new shares without needing the consent of the existing shareholders. If appropriate, limitations (such as a cap on the number of shares) can be added but bespoke drafting will be required.

²⁰ If the company does not have a common seal, share certificates can be executed by two directors, by one director and the secretary (if there is one), or by one director in the presence of an independent witness.

²¹ Articles 31.5 – 31.8 are mandatory, reflecting paragraph 2 of Schedule 2 to the Regulations. The model constitution does not contain any other additional restrictions on the transfer of shares, but note that the Directors may refuse to register a transfer of shares to a person of whom they do not approve.

²² A company which adopts the provisions of Schedule 2 to the Regulations rather than Schedule 3 to the Regulations (i.e. a company which only intends to pay dividends to asset-locked bodies) must not make use of this provision to buy back any share which is not held by an asset-locked body, as the repurchase of such shares will amount to a breach of the asset lock provisions set out in paragraph 1 of Schedule 2 and article 3. This article in itself does not provide sufficient authority for the company to purchase its own shares. The company must also comply with the relevant statutory requirements, in particular sections 693 – 700 of the Companies Act 2006. We recommended that you take legal advice before taking any steps towards the company purchasing its own shares. It is important that any purchase of shares made in accordance with this article is also made in accordance with article 3 (asset lock).

²³ In the event of the death of a shareholder, the share will pass according to the will of the deceased shareholder, or the intestacy rules.

²⁴ A company which does not intend to pay dividends or make other distributions to private investors (i.e. a company which adopts the provisions of Schedule 2 to the Regulations rather than those of Schedule 3) should not make use of this provision to pay dividends on any share held by a private investor, as the payment of any such dividends will amount to a breach of the asset lock provisions set out in paragraph 1 of Schedule 2 and article 3.

²⁵ The Companies Act 2006 has removed the need for private companies to hold annual general meetings and therefore these Articles follow suit, however, if you wish, you can insert an additional provision which obliges the company to hold annual general meetings.

²⁶ Article 43.2 provides that general meetings must be held in accordance with the provisions of the Companies Act 2006. You may insert additional provisions that specify how many shareholders are required to be present to hold a valid general meeting. The quorum may be fixed in absolute terms (e.g. “four shareholders”) or as a proportion of the total number of shareholders (e.g. “three quarters of the shareholders from time to time”). You may even wish to stipulate that particular named shareholders, or shareholders representing particular stakeholder interests, must be present to constitute a quorum. In any event, it is recommended that the quorum should never be less than half of the total number of shareholders.

²⁷ Article 43.3 reflects paragraph 3(1) of Schedule 2 to the Regulations and is mandatory.

²⁸ See the Companies House guidance booklet, “Accounts and Accounting Reference Dates” (available online at <http://www.companies-house.gov.uk/about/gbhtml/gba3.shtml>)] On the annual community interest company report, see [Part 8] of the Regulator’s information and guidance notes.

²⁹ Section 1(1) of the Charities Act 2006 defines “charity” as an institution which “is established for charitable purposes only, and falls to be subject to the control of the High Court in the exercise of its jurisdiction with respect to charities.”



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**CERTIFICATE OF INCORPORATION
ON BECOMING A
COMMUNITY INTEREST COMPANY**

Company No. 7548430

The Registrar of Companies for England and Wales hereby certifies that
under the Companies Act 2006:

KAZURI PROPERTIES LIMITED

having changed its name; is now a Community Interest Company; and is
incorporated under the name of:

KAZURI PROPERTIES CIC

Given at Companies House on **30th May 2012**



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES