

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES



R6Y9LOW2

RM

23/01/2018

#81

COMPANIES HOUSE

ARTICLES OF ASSOCIATION

- of -

TORBAY ECONOMIC DEVELOPMENT COMPANY LIMITED

Company Number 7604855

Adopted by special resolution passed on 10 January 2018

1. Preliminary

- 1.1. Torbay Economic Development Company Limited (the "**Company**") is a Private Company limited by shares.

2. Interpretation

- 2.1. In these Articles, unless the context otherwise requires:

"**Act**": means the Companies Act 2006;

"**Acting Chairman**": has the meaning given to it in article 16.4;

"**Appointor**": has the meaning given to it in article 18.1;

"**Articles**": means the company's articles of association for the time being in force;

"**Asset Sale**": means the disposal by the Company of all, or a substantial part of, its business and assets;

"**Authority**": means the Council of the Borough of Torbay of Town Hall, Castle Circus, Torquay, TQ1 3DR,;

"**Authority Director**": means a director appointed in accordance with article 10.2.

"**Board**": means the directors of the Company acting collectively or as otherwise so required in accordance with these Articles;

"**Business Day**": means 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;

"**Business**": means the promotion of economic development in the Torbay Region and any other business that the Company shall carry on from time to time

determined in accordance with the procedure in article 14.5 or which is included in the Business Plan;

"Business Plan": means the business plan of the Company from time to time;

"Chairman": means the First Chairman or any subsequent chairman of the Company appointed pursuant to article 16;

"Company Secretary": shall mean the company secretary of the Company from time to time;

"Conditional Resolution": has the meaning given to it in article 14.5;

"Conditional Resolution Notice": has the meaning given to it in article 14.6;

"Conflict": has the meaning given to it in article 13.1;

"Controlling Interest": means an interest in shares giving to the holder or holders control of the Company within the meaning of 1124 of the Corporation Tax Act 2010;

"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);

"First Chairman": has the meaning given to it in article 16.1;

"Interested Director": has the meaning given to it in article 13.2;

"Memorandum of Association": means the Company's memorandum of association;

"Model Articles": means the model articles for private companies limited by shares as contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (S/2008/3229) at the date of adoption of these Articles;

"Ordinary Share" mean an ordinary share of £1 in the capital of the Company and

"Ordinary Shares" shall be interpreted accordingly;

"Ordinary Shareholder" means a holder of Ordinary Shares;

"Preference Shares" means a preference share of £1 in the capital of the Company and **"Preference Shares"** shall be interpreted accordingly;

"Proposed Amended Resolution": has the meaning in article 14.11;

"Reserved Matter Representative": has the meaning given to it in article 14.6;

"Reserved Matters": has the meaning given to it in article 14.3 and **"Reserved Matter"** shall mean any one of them;

"Share Sale": means the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the buyer of those shares (or grantee of that right) acquiring a Controlling Interest in the Company, except where the shareholders and the proportion of shares held by each of them following completion of the sale are the same as the shareholders and their shareholdings in the Company immediately before to the sale.

"Torbay Strategic Economic Partnership" means the strategic economic partnership of the same name which functions within the Torbay Region and is charged with assisting the Authority in relation to its economic strategy; and

"Torbay Region": means the administrative area over which the Authority has jurisdiction.

- 2.2. 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.
- 2.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 2.4. A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 2.5. A reference in these Articles to a "schedule" is a reference to a schedule to these Articles. A reference to a paragraph is a reference to a paragraph of the relevant schedule.
- 2.6. The schedule to these Articles forms part of these Articles.
- 2.7. 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:
 - 2.7.1. any subordinate legislation from time to time made under it; and
 - 2.7.2. any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

2.8. Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.9. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles. In the case of conflict between the provisions of these Articles and the Model Articles, the provisions of these Articles shall prevail.

3. Objects

3.1. The objects of the Company are unrestricted to the extent that the Company:

3.1.1. is and remains controlled (both by way of membership of and strategic influence over the Company) by the Authority or the Authority together with other local authorities as the case may be; and

3.1.2. carries out the essential part of its activities for the Authority or the Authority together with other local authorities as the case may be.

3.2. Without prejudice to article 3.1, the Company shall carry out any objects identified by the Authority from time to time including, but without limitation to:

3.2.1. lead economic development and regeneration in the Torbay Region, promoting economic development, physical regeneration, the renewal of infrastructure, socio-economic improvements and business growth;

3.2.2. work alongside the Authority and act as its ambassador for the economic development of the Torbay Region, supporting the vision for the local economy and identifying the tools to encourage economic growth delivery;

3.2.3. encourage, facilitate and increase business development and inward investment in (and to) the Torbay Region and identify opportunities for the same;

3.2.4. raise the profile of and promote the Torbay Region as a business location and tourist destination and make the Torbay Region more attractive to entrepreneurs and the public as a whole;

3.2.5. devise, improve and support innovative, creative and enterprising strategies to further the objects herein, engaging others to participate in effective partnerships and teams to deliver such strategies;

3.2.6. insofar as it is consistent with the objects in article 3.2, facilitate and improve relationships between public and private undertakings and

encourage improved integration of funding from these sources for regeneration projects;

- 3.2.7. contribute towards and take into consideration the development, coordination and delivery of key plans, policies and strategies which impact on the Torbay Region (including local development framework plans, community plans, regional economic strategies and national and European policy);
- 3.2.8. shape and support national, regional and sub-regional strategic guidance which would impact on the Torbay Region;
- 3.2.9. support and develop practical and advantageous solutions to promote fairness and equality to all individuals both visiting and resident in the Torbay Region;
- 3.2.10. insofar as it is (and it remains) consistent with the objects in article 3.2, to work with the Torbay Strategic Economic Partnership and to support its role in seeking to promote economic development across the Torbay Region;
- 3.2.11. purchase or by any other means acquire and take options over any property whatever, and any rights or privileges of any kind over or in respect of any property;
- 3.2.12. participate in and (as and when required) provide well managed leadership for physical regeneration projects in the Torbay Region;
- 3.2.13. insofar as it is consistent with the objects in article 3.2, provide expertise, assistance and advice to the Authority in matters concerned with physical regeneration and the delivery of infrastructure;
- 3.2.14. ensure that all and any funding received (howsoever) by the Company shall be directed to the economic, local and physical improvement (including regeneration and maintenance) of the Torbay Region (subject to payment by the Company of its proper and reasonable operational costs);
- 3.2.15. insofar as it is consistent with these objects in article 3.2, foster and promote the directions, strategies, objectives and proposals set out in any Business Plan approved by the Board in accordance with these Articles; and

3.2.16. notwithstanding the specific nature of those objects in article 3.2 detailed at 3.2.1 to 3.2.15 above, undertake all activities, enter into any arrangements and engage in all matters which are for the benefit of the Torbay Region and consistent with the objects herein.

4. Shares

4.1. On the date of incorporation the issued share capital of the Company is 1 Preference Share and 1 Ordinary Share.

4.2. 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 its liabilities shall be applied (to the extent that the Company is lawfully able to do so) in the following order of priority:

4.2.1. first, to the extent that the Company remains the beneficial or legal owner of assets, property and/or confidential information transferred to it at any time since the Company's incorporation by the Authority ("Authority Assets"), in paying in aggregate to the holder of the Preference Share the value of the Authority Assets to be satisfied by the distribution of the Authority Assets but only to the extent such assets have not been disposed of by the Company. For the avoidance of doubt the holder of the Preference Share shall not be entitled to the value of any assets property and/or confidential information transferred to it by the Authority at any time since the Company's incorporation if such assets have subsequently been disposed of by the Company;

4.2.2. thereafter, in distributing the balance among the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held.

4.3. The proceeds of a Share Sale shall be distributed in the order of priority set out in Article 4.2 except the words "to be satisfied by the distribution of the Authority Assets" shall not apply . The Directors shall not register any transfer of Shares if the proceeds of sale are not distributed in that manner (save in respect of any Shares not sold in connection with that Share Sale), provided that, if the proceeds of sale are not settled in their entirety on completion of the Share Sale the Directors may register the transfer of the relevant shares, provided that the proceeds have been distributed in the order of priority set out in Article 4.2, and the Shareholders shall ensure that the proceeds of sale are distributed in the order of priority set out in Article 4.2.

- 4.4. On an Asset Sale, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully able to do so) in the order of priority set out in Article 4.2 and Article 4.2 shall apply as if the Company remained the beneficial or legal owner of the Authority Assets that have been transferred pursuant to the Asset Sale. Such Authority Assets shall be valued as at the date of the Asset Sale for the purposes of Article 4.2. The words in Article 4.2 "to be satisfied by the distribution of the Authority Assets but only to the extent such assets have not been disposed of by the Company. For the avoidance of doubt the holder of the Preference Share shall not be entitled to the value of any assets property and/or confidential information transferred to it by the Authority at any time since the Company's incorporation if such assets have subsequently been disposed of by the Company" shall not apply to a distribution under this article 4.4. If it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action (including (but not limited to) any actions that may be necessary to put the Company into voluntary liquidation so that Article 4.2 applies).
- 4.5. The Preference Shares shall have no rights attaching to them other than the right set out in articles 4.2 to 4.4 and the right to appoint and remove Authority Directors in accordance with article 10, and for the avoidance of doubt a holder of Preference Shares shall not be entitled to vote.
- 4.6. Subject to article 4.2 to 4.4 each Ordinary Share shall have the rights usually attaching to ordinary shares.
- 4.7. At a general meeting, on a show of hands every Ordinary shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself an Ordinary shareholder entitled to vote; on a poll every Ordinary shareholder present in person or by proxy shall have one vote for each Ordinary share of which he is the holder; and on a vote on a written resolution every Ordinary shareholder has one vote for each Ordinary share of which he is the holder.
- 4.8. Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class.
- 4.9. The following shall not be deemed to constitute a variation of the rights attached to the Preference Shares:

- 4.9.1. any alteration in the Articles (other than in connection with rights on a liquidation, capital reduction or otherwise including rights under articles 4.2 to 4.4 and rights in relation to the appointment and removal of Authority Directors);
- 4.9.2. any reduction, subdivision, consolidation, redenomination, purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and
- 4.9.3. any resolution to put the Company into liquidation.

5. Unissued shares

- 5.1. No shares in the Company shall be allotted nor any right to subscribe for or to convert any security into any shares in the Company shall be granted unless within one month before that allotment or grant (as the case may be) every Ordinary Shareholder for the time being has consented in writing to that allotment or grant and its terms and to the identity of the proposed allottee or grantee, except that no such consent shall be required in the case of the issue of one Preference Share to the Authority.
- 5.2. 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) where the consent to that allotment of every shareholder has been obtained as required by these Articles and that allotment otherwise conforms to the requirements of these Articles.

6. Further issues of shares: directors' authority

- 6.1. Subject to article 5 and the remaining provisions of this article 6, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to:
 - 6.1.1. offer or allot;
 - 6.1.2. grant rights to subscribe for or to convert any security into; or
 - 6.1.3. otherwise deal in, or dispose of,
 any Ordinary Shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper subject to the call in procedure in article 14.5.
- 6.2. The authority referred to in article 6.1:

- 6.2.1. shall be limited to a maximum nominal amount of £1,000 of Ordinary Shares;
 - 6.2.2. shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and
 - 6.2.3. may only be exercised for a period of five years from the date of adoption of these Articles, save that the directors may make an offer or agreement which would, or might, require 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).
- 6.3. Subject to article 5 and the remaining provisions of this article 6, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to allot Preference Shares in the Company to the Authority subject to any terms and conditions as the directors think proper.
- 6.4. The authority referred to in article 6.3:
 - 6.4.1. shall be limited to a maximum nominal amount of £1 of Preference Shares;
 - 6.4.2. shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and
 - 6.4.3. may only be exercised for a period of five years from the date of adoption of these Articles, save that the directors may make an offer or agreement which would, or might, require 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).
- 6.5. Save to the extent authorised by articles 6.3 and 6.4 or from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot Preference Shares or to grant rights to subscribe for, or to convert any security into, any Preference Shares in the company.

7. Transfer of Shares

- 7.1. Subject to article 14.4 the directors may, in their absolute discretion, refuse to register the transfer of a share. Article 26(5) of the Model Articles shall not apply.

8. Proceedings at General Meetings

8.1. For so long as the Company has only a sole member eligible to vote at general meetings:-

8.1.1. that member shall constitute a quorum if present in person or by proxy or, if that member is a corporation, by a duly authorised representative;

8.1.2. any decisions or actions made or taken by that member which are ordinarily required to be made or taken in General Meeting of the Company or by means of a written resolution, shall be as valid and effectual as if agreed by the Company in General Meeting save that this paragraph shall not apply to resolutions passed pursuant to Section 168 of the Act and Section 510 of the Act; and

8.1.3. any decision taken by a sole member pursuant to article 8.1.2 shall be recorded in writing and delivered by that member to the Company for entry in the Company's Minute Book.

9. Proxies

9.1. Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than forty eight (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".

9.2. Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

10. Appointment and Removal of Directors

10.1. Any person who is willing to act as director and is permitted by law to do so may be appointed to be a director either:

10.1.1. subject to article 10.5, by ordinary resolution; or

10.1.2. subject to article 10.2, by the holder of a majority of the Preference Shares for the time being

and article 17(a) of the Model Articles shall be modified accordingly.

- 10.2. The holder of a majority of the Preference Shares for the time being shall be entitled to appoint three persons to be known as "Authority Directors" of the Company and such persons shall be nominated from time to time in writing by the Council Appointments Committee of the Authority
- 10.3. The directors shall not be entitled to appoint directors and article 17(b) of the Model Articles and the words "to appoint further directors" in article 11(3)(a) shall not apply to the Company.
- 10.4. The minimum number of directors shall be two (2).
- 10.5. The maximum number of directors shall be twelve (12) comprising up to three (3) directors appointed by the holder of a majority of the Preference Shares in accordance with article 10.1.2 and up to nine (9) directors appointed by ordinary resolution in accordance with these articles.
- 10.6. The members may by ordinary resolution remove a director. The removal takes effect on the date on which the ordinary resolution is passed or, if later, the date on which it is received by the Company or the date specified in the resolution. For the avoidance of doubt, the directors have no power to remove directors.
- 10.7. An Authority Director shall automatically cease to be a director if the Council Appointments Committee revoke their nomination in writing at any time.
- 10.8. Any Authority Director may at any time be removed from office by the holder of a majority of the Preference Shares.
- 10.9. If an Authority Director shall die or be removed from or vacate office for any cause, the holder of a majority of the Preference Shares may appoint in his place another person to be an Authority Director in accordance with article 10.1.2.
- 10.10. *Any appointment or removal of an Authority Director pursuant to this article shall be in writing and signed by or on behalf of the holder of a majority of the Preference Shares and served on each of the other shareholders and the Company at its registered office or delivered to a duly constituted meeting of the directors of the Company. Any such appointment or removal shall take effect when received by the Company or at such later time as may be specified in such notice.*
- 10.11. The right to appoint and to remove Authority Directors under this article shall be a class right attaching to the Preference Shares.

11. Directors' Remuneration and Expenses

- 11.1. Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the Company Secretary" before the words "properly incur".
- 11.2. Any director, who, by request, performs special services or goes or resides abroad for any purposes of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a director shall receive such extra remuneration by way of salary or otherwise as the Board may determine which shall be charged as part of the Company's ordinary working expenses.

12. Directors: Transactional Conflicts of Interest

- 12.1. For the purposes of article 14(1) of the Model Articles, a director shall disclose any actual or proposed transaction or arrangement with the Company in which the director is interested in the following manner:
 - 12.1.1. a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
 - 12.1.2. an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
 - 12.1.3. an interest of a person who is, for any purpose of the Act (excluding any statutory modification not in force when this article becomes binding on the Company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.
- 12.2. Articles 14(2), 14(3) and 14(4) of the Model Articles shall not apply to the Company.
- 12.3. Article 14(1) of the Model Articles shall be amended by deletion of the words 'quorum or' so that it reads "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 voting purposes".

13. Directors: Situational Conflicts of Interest

- 13.1. For the purposes of section 175 of the Act, the Ordinary Shareholders (and not the directors) shall have the power to authorise, by resolution and in accordance with the provisions of these Articles, any matter or situation proposed to them by a director which would, if not so authorised, involve a breach of duty by a director under section 175 of the Act to avoid conflicts of interest (a "Conflict"). Any authorisation of a matter or situation under this article 13 may extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised.
- 13.2. The relevant director seeking authorisation of the Conflict (the "Interested Director") must provide the Ordinary Shareholders with such details as are necessary for the Ordinary Shareholders to decide whether or not to authorise the Conflict, together with such additional information as may be requested by the Ordinary Shareholders.
- 13.3. Any authorisation by the Ordinary Shareholders of a Conflict may (whether at the *time of giving the authorisation or subsequently*):
 - 13.3.1. provide that the Interested Director be excluded from the receipt of documents and information, the participation in discussions and/or the making of decisions (whether at meetings of the directors or otherwise) related to the Conflict;
 - 13.3.2. impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Ordinary Shareholders think fit;
 - 13.3.3. 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
 - 13.3.4. 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 they relate to such matters.

- 13.4. The Interested Director will be obliged to conduct himself in accordance with any terms imposed by the Ordinary Shareholders in relation to the Conflict.
- 13.5. The Ordinary 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.
- 13.6. A director, notwithstanding his office, may be a councillor, director or other officer of, employed by, or otherwise interested in, the member who appointed him as a director of the Company and such situation is authorised pursuant to article 13.1 and shall not amount to a breach of the director's duty under section 175 of the Act. Such director shall not be obliged to disclose to the Company or use for the benefit of the Company, any confidential information received by him by virtue of such position or interest (and otherwise than by virtue of his position as a director), if to do so would result in a breach of a duty or obligation of confidence owed by him to the member who appointed him.
- 13.7. An Authority Director shall be entitled from time to time to disclose to the holder of the Preference Share such information concerning the business and affairs of the Company as he shall at his discretion see fit.
- 13.8. 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 Ordinary Shareholders in accordance with this article (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.

14. Proceedings of Directors

- 14.1. The quorum at a directors' meeting shall be the number that is two thirds (2/3) of the total number of Directors appointed at the time of the relevant directors' meeting of whom at least one shall be an Authority Director save for any occasion when there are only two (2) directors appointed and then the quorum shall be two Directors of whom at least one shall be an Authority Director. Article 11(2) of the Model Articles shall not apply. For the avoidance of doubt, if the number that is two thirds of the total number of Directors appointed at the time of the relevant directors' meeting contains a fraction of a whole number, the number constituting a quorum shall be rounded up to the next whole number and shall not be rounded down.

- 14.2. If a quorum is not present within thirty (30) minutes after the time specified for a directors' meeting in the notice of the meeting then it shall be adjourned for two (2) Business Days at the same time and place. If at the adjourned meeting a quorum is not present within thirty (30) minutes after the time specified for the directors' meeting in the notice of the adjourned meeting, then those Directors present will constitute a quorum provided that there is at least 1 Authority Director present.
- 14.3. A committee of the directors must include at least one Authority Director. The provisions of article 14 shall apply equally to meetings of any committee of the directors as to meetings of the directors. Article 6 of the Model Articles shall be modified accordingly.
- 14.4. The Board has responsibility for the supervision and management of the Company and its business, but in relation to the matters set out in Schedule 1 to the Articles (the "Reserved Matters") the Board shall follow the procedure in this article 14.
- 14.5. In relation to Reserved Matters, the Board shall be entitled to pass a resolution but such resolution is conditional on the Authority being given the opportunity to veto such decision (a "Conditional Resolution").
- 14.6. The Authority shall nominate one of the directors to be its representative on Reserved Matters (the "Reserved Matter Representative") at any one time. It shall be the responsibility of all the directors to ensure that the Authority is given notice of a Conditional Resolution on the day falling no later than two Business Days after the Conditional Resolution was passed ("Conditional Resolution Notice"). The Conditional Resolution Notice shall be given to the Authority by the Reserved Matter Representative or, at the direction of the directors, by the Company Secretary if the Reserved Matter Representative is unable to give such notice on any such occasion. Any director not tasked with the giving of the Conditional Resolution Notice to the Authority may request and will be provided with evidence by either the Reserved Matter Representative or the Company Secretary (as appropriate) that the Conditional Resolution Notice has been given to the Authority in accordance with this article 14.6. A failure to give the Authority the Conditional Resolution Notice as required in this article 14.6 shall mean that the relevant Conditional Resolution is null and void.
- 14.7. The Authority shall have five (5) Business Days from receipt (or deemed receipt in accordance with article 23 but for the purposes only of this article 14.7 the reference in article 23.1.1 to "forty eight (48) hours" shall be construed as "five (5) Business Days") of the Conditional Resolution Notice (whichever is earlier) to inform the

Company in writing that it objects to the Conditional Resolution and if it does so the Conditional Resolution shall be null and void. If the Authority does not notify the Company of any objection to the Conditional Resolution before the expiry of five Business Days from such receipt (or deemed receipt as the case may be) of the Conditional Resolution Notice the Conditional Resolution shall become unconditional forthwith.

- 14.8. It shall not be necessary for the Authority to give express written approval for any of the Reserved Matters. Approval of Reserved Matters by the Board in accordance with these Articles shall be sufficient provided that the procedure enabling the Authority to object to Conditional Resolutions in this article 14 is complied with.
- 14.9. If the Board passes more than one Conditional Resolution at any one time it may include more than one Conditional Resolution in a Conditional Resolution Notice. Each Conditional Resolution shall be separately numbered and the provisions of this clause 14 shall apply to each Conditional Resolution individually and not to all the Conditional Resolutions as a whole. If the Authority informs the Company under article 14.7 that it objects to one or more particular numbered Conditional Resolutions, any remaining Conditional Resolutions included in the Conditional Resolution Notice shall be unaffected and shall become unconditional on expiry of the time period in article 14.7.
- 14.10. The Company shall keep a record of all Conditional Resolution Notices and whether or not the Authority objected to any Conditional Resolution in the relevant time.
- 14.11. When giving notice that it objects to a Conditional Resolution under article 14.7 the Authority may give the Company directions and request a further resolution is passed by the Board with such amendments as the Authority considers necessary ("a Proposed Amended Resolution"). The Board shall convene a meeting to be held as soon as practicable after receiving notice from the Authority that it objects to the Conditional Resolution to consider and approve (to the extent that it is within the power of the Board to approve) the Proposed Amended Resolution. Provided the Proposed Amended Resolution is passed by the Board in identical terms to those requested by the Authority, the Proposed Amended Resolution shall become binding on the Company immediately when it is passed by the Board and article 14.5 shall not apply to it. If the Proposed Amended Resolution is passed by the Board in different terms to those requested by the Authority, it shall become a Conditional Resolution and article 14.5 shall apply.

- 14.12. Notwithstanding the provisions of clause 14.5 if the Authority determines that the Proposed Amended Resolution must be considered by the Board as a matter of urgency and it is not practicable to convene a Board meeting, it may specify in writing to the Board that the Proposed Amended Resolution shall be approved and passed (to the extent that it is within their power to approve and pass it) as a written resolution by a majority of the Eligible Directors. The terms of the Proposed Amended Resolution shall be sent by the Company to each of the directors and shall be passed when a majority of Eligible Directors have signified their agreement to it, even if at such time not all the directors have received the Proposed Amended Resolution, and article 15.2 shall be construed accordingly. A director signifies his agreement to the Proposed Amended Resolution when the Company receives from him a document identifying the Proposed Amended Resolution and indicating his agreement to it. The document must be sent to the Company in hard copy or electronic form. The directors agreement, once signified, may not be revoked.
- 14.13. The Authority shall be entitled to approve any Conditional Resolution by notice in writing to the Company either before receipt of the Conditional Resolution Notice or before the expiry of five Business Days from such receipt (or deemed receipt as the case may be) under article 14.7. On receipt of such approval by the Company the Conditional Resolution shall become unconditional forthwith.
- 14.14. A third party is entitled to rely on written confirmation from any director or the Company Secretary that a resolution of the board was properly passed in accordance with this article 14 and further enquiry of the member(s) shall not be necessary.

15. Calling a Directors' Meeting

- 15.1. Any director may call a directors' meeting by giving not less than ten (10) Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the Company Secretary (if any) to give such notice.
- 15.2. Notice of a directors' meeting shall be given to each director in writing by the director calling the meeting or the Company Secretary, except as provided in article 14.12.
- 15.3. Articles 9(1) and 9(3) of the Model Articles shall not apply.

16. Chairing of a Directors' Meeting

- 16.1. The Authority shall appoint a director as the first Chairman of the Company (the "First Chairman").

- 16.2. Any future appointment of a director to the position of Chairman after the First Chairman has ceased to hold the position shall be made by the Board but shall be a Reserved Matter and dealt with in accordance with article 14.
- 16.3. The Authority may terminate the Chairman's appointment at any time.
- 16.4. The Chairman shall be the chairman at all directors' meetings at which he is present and at any time that he is not so present within ten (10) minutes of the time at which the meeting was to start, the other directors in attendance must appoint one of themselves to act as chairman for that meeting (the "Acting Chairman"). The Acting Chairman shall have all the same rights at the directors' meeting as if he was the Chairman (including for the avoidance of doubt the casting vote) and the respective references to "other director chairing the meeting" and "other director" in article 13(1) and article 13(2) of the Model Articles shall be deleted and the wording "Acting Chairman" shall be applied in their place and construed in accordance with these Articles.
- 16.5. Article 12 of the Model Articles shall not apply to the Company.

17. Delegation of Directors Powers

- 17.1. Subject to article 14.12, no director (or directors) may delegate any of the powers conferred upon him (or them) to make decisions concerned with the Reserved Matters to any person or committee (whether in accordance with article 5(1) of the Model Articles or otherwise) and for the avoidance of doubt such decisions concerned with the Reserved Matters shall be made at a properly convened and quorate directors' meeting only. Articles 5(1) and 5(2) of the Model Articles shall be construed accordingly.

18. Appointment and removal of alternate directors

- 18.1. Any director ("Appointor") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:
- 18.1.1. exercise that director's powers; and
 - 18.1.2. carry out that director's responsibilities,
- in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor.
- 18.2. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the directors.

- 18.3. The notice must:
- 18.3.1. identify the proposed alternate; and
 - 18.3.2. in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.
- 19. Rights and responsibilities of alternate directors**
- 19.1. An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's Appointor.
- 19.2. Except as the Articles specify otherwise, alternate directors:
- 19.2.1. are deemed for all purposes to be directors;
 - 19.2.2. are liable for their own acts and omissions;
 - 19.2.3. are subject to the same restrictions as their appointors; and
 - 19.2.4. are not deemed to be agents of or for their appointors
- and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a member.
- 19.3. A person who is an alternate director but not a director:
- 19.3.1. may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
 - 19.3.2. may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and
 - 19.3.3. shall not be counted as more than one director for the purposes of articles 19.3.1 and 19.3.2.
- 19.4. A director who is also an alternate director is entitled, in the absence of his Appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

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

20. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

- 20.1.1. when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 20.1.2. on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director;
- 20.1.3. on the death of the alternate's Appointor; or
- 20.1.4. when the alternate's Appointor's appointment as a director terminates.

21. Company Secretary

Subject always to the requirements of article 14 (to the extent that the same is applicable) the directors may appoint any person who is willing to act as the Company Secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

22. Dividends and Other Distributions

- 22.1. The company may by ordinary resolution declare dividends. The directors may decide to pay interim dividends or other distributions but this shall be a Reserved Matter and subject to the requirements and procedures set out in article 14. . Article 30(1) of the Model Articles shall not apply.

23. Means of communication to be used

- 23.1. Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 23.1.1. if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, forty eight (48) hours after it was posted *(or five (5) 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 (5) Business Days was guaranteed at*

the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

23.1.2. if properly addressed and delivered by hand, when it was given or left at the appropriate address; and

23.1.3. if properly addressed and sent or supplied by electronic means, one (1) hour after the document or information was sent or supplied.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

23.2. In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.

24. Change of Company Name

24.1. For the purposes of section 77 of the Act, the Company name may be changed either by a special resolution in accordance with section 78 of the Act or in accordance with article 24.2 below.

24.2. The directors of the Company may by resolution change the Company name, but this shall be a Reserved Matter and subject to the requirements and procedures set out in article 14.

SCHEDULE 1

RESERVED MATTERS

The following are the Reserved Matters referred to in these Articles:

1. permitting or refusing the registration (upon subscription or transfer) of any person as a member of the Company except in the case of the issue of one Preference Share to the Authority;
2. increasing the amount of the Company's issued share capital (except in the case of the issue of one Preference Share to the Authority), granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own shares or effecting any other *reorganisation of its share capital*;
3. issuing any loan capital in the Company or entering into any commitment with any person with respect to the issue of any loan capital;
4. making any borrowing;
5. making any petition or passing any resolution to wind up the Company or making any application for an administration or winding up order or any order having similar effect in a different jurisdiction in relation to the Company or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator unless in any case the Company is at the relevant time insolvent and the directors reasonably consider (taking into account their fiduciary duties) that it ought to be wound up or that an administrator ought to be appointed to it;
6. altering the registered office of the Company;
7. changing the Company name;
8. adopting or amending the Business Plan in respect of each financial year;
9. changing the nature of the Company's Business or commencing any new business by the Company which is not ancillary or incidental to the Business;
10. appointing a Chairman of the Company;
11. forming any subsidiary or acquiring shares in any other company or participating in any partnership or profit sharing or joint venture arrangement (*whether incorporated or not*);
12. amalgamating or merging with any other company, association, partnership or legal entity or acquiring any business or undertaking of any other person;

13. making any acquisition or disposal by the Company of any material asset(s) of more than £10,000, unless provided for in the Business Plan;
14. incurring any item or series of capital expenditure of, or making any investment of, or committing any funding of more than £10,000, unless provided for in the Business Plan;
15. creating or granting any encumbrance over the whole or any part of the business, undertaking or assets of the Company or agreeing to do so, other than liens arising in the ordinary course of business or any charge arising by the operation or purported operation of title retention clauses in the ordinary course of business;
16. making any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) surety or indemnity;
17. altering any mandate given to the Company's bankers relating to any matter concerning the operation of the Company's bank accounts other than by the substitution of any person nominated as a signatory by the party entitled to make such nomination;
18. entering into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms OR which cannot be terminated within 12 months and under which the liability for such termination could exceed £10,000;
19. giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's Business, or materially varying any such arrangements, contracts or transactions;
20. adopting or amending any standard terms of business (including prices) on which the Company is prepared to provide goods or services to third parties;
21. granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company;
22. factoring or assigning any of the book debts of the Company;
23. changing the auditors of the Company or approving their remuneration;
24. changing the Company's financial year end;
25. approving or signing the annual accounts of the Company;

26. declaring or paying any dividend or making any other distribution (by way of capitalisation, repayment or in any other manner) out of the Company's distributable profits or any of its reserves;
27. making or permitting to be made any change in the accounting policies and principles adopted by the Company in the preparation of its audited and management accounts except as may be required to ensure compliance with relevant accounting standards under the Act or any other generally accepted accounting principles in the United Kingdom;
28. establishing or amending any profit-sharing, share (or other security) option, bonus or other incentive scheme of any nature for directors or employees;
29. taking any steps which might affect the pension rights of any employee of, or anyone engaged by, the Company;
30. taking any steps relating to the determination of discretionary benefits of any employee of, or anyone engaged by, the Company;
31. establishing or amending any pension scheme or granting any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family;
32. dismissing any Company Secretary, director or employee or consultant in circumstances in which the Company incurs or agrees to bear redundancy or other costs in excess of £3,000 in total;
33. introducing any change to union recognition or representation arrangements of employees of the Authority;
34. entering into any proposed contract where any employees will or might thereafter be assigned under the Transfer of Undertakings (Protection of Employees) Regulations 2006;
35. agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any director, officer or consultant to the Company at a rate in excess of £15,000 per annum or increasing the remuneration of any such person by more than £3,000 per annum. This paragraph shall not apply to the payment or reimbursement of expenses properly incurred by any director in the course of carrying out his duties in relation to the Company nor to any indemnity by the Company to which the director is entitled pursuant to the Articles or under any relevant law;
36. entering into or varying any contract of employment providing for the payment of remuneration (including pension and other benefits) in excess of a rate of £20,000

per annum or increasing the remuneration of any staff (including pension and other benefits) to a rate in excess of £30,000 per annum;

37. instituting, settling or compromising any legal proceedings (other than debt recovery proceedings in the ordinary course of business) instituted or threatened against the Company or submitting to arbitration or alternative dispute resolution any dispute involving the Company;
38. making any agreement with any revenue or tax authorities or making any claim, disclaimer, election or consent for tax purposes in relation to the Company or its business, assets or undertaking;
39. changing the bankers of the Company or opening or closing any bank accounts;
40. acquiring or agreeing to acquire any freehold or leasehold interest in or licence over land;
41. any other matter of which the Authority gives notice to the directors of the Company; and/or
42. entering into any agreement or other arrangement to do any of the things referred to in the foregoing paragraphs of this Schedule 1.

MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY SHARES

(AS SET OUT IN SCHEDULE 1 TO THE COMPANIES (MODEL
ARTICLES) REGULATIONS 2008

INDEX TO THE ARTICLES

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms
2. Liability of members

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority
4. Shareholders' reserve power
5. Directors may delegate
6. Committees

DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively
8. Unanimous decisions
9. Calling a directors' meeting

10. Participation in directors' meetings
11. Quorum for directors' meetings
12. Chairing of directors' meetings
13. Casting vote
14. Conflicts of interest
15. Records of decisions to be kept
16. Directors' discretion to make further rules

APPOINTMENT OF DIRECTORS

17. Methods of appointing directors
18. Termination of director's appointment
19. Directors' remuneration
20. Directors' expenses

PART 3

SHARES AND DISTRIBUTIONS

SHARES

21. All shares to be fully paid up
22. Powers to issue different classes of share
23. Company not bound by less than absolute interests
24. Share certificates
25. Replacement share certificates
26. Share transfers
27. Transmission of shares
28. Exercise of transmitters' rights
29. Transmitters bound by prior notices

DIVIDENDS AND OTHER DISTRIBUTIONS

- 30. Procedure for declaring dividends
- 31. Payment of dividends and other distributions
- 32. No interest on distributions
- 33. Unclaimed distributions
- 34. Non-cash distributions
- 35. Waiver of distributions

CAPITALISATION OF PROFITS

- 36. Authority to capitalise and appropriation of capitalised sums

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

- 37. Attendance and speaking at general meetings
- 38. Quorum for general meetings
- 39. Chairing general meetings
- 40. Attendance and speaking by directors and non-shareholders
- 41. Adjournment

VOTING AT GENERAL MEETINGS

- 42. Voting: general
- 43. Errors and disputes
- 44. Poll votes
- 45. Content of proxy notices

- 46. Delivery of proxy notices
- 47. Amendments to resolutions

PART 5

ADMINISTRATIVE ARRANGEMENTS

- 48. Means of communication to be used
- 49. Company seals
- 50. No right to inspect accounts and other records
- 51. Provision for employees on cessation of business

DIRECTORS' INDEMNITY AND INSURANCE

- 52. Indemnity
- 53. Insurance

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

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) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (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.

- (d)

PART 3

SHARES AND DISTRIBUTIONS

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.