

Board-in-Confidence

## Scimitar Security Limited Articles of Association

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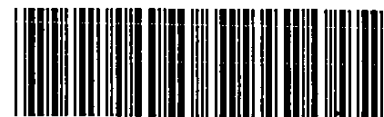


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## PART 1 - INTERPRETATION AND LIMITATION OF LIABILITY

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### 1. Defined Terms

1.1 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
- "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
- "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
- "member" has the meaning given in section 112 of the Companies Act 2006
- "ordinary resolution" has the meaning given in section 282 of the Companies Act 2006
- "participate", in relation to a directors' meeting, has the meaning given in article 10
- "proxy notice" has the meaning given in article 31
- "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
- "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

### 2. Liability of Members

2.2 The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for

- (a) payment of the company's debts and liabilities contracted before he ceases to be a member
- (b) payment of the costs, charges and expenses of winding up
- (c) adjustment of the rights of the contributories among themselves

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## PART 2 - DIRECTORS

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### DIRECTORS' POWERS AND RESPONSIBILITIES

#### 3 Directors' general authority and responsibilities

3 1 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

3 2 The directors are responsible for the preparation and approval of the company's accounts each quarter and for the preparation of an annual report providing a fair view of its business. The company's accounts must be filed with the Registrar of Companies within nine months of the end of the financial year. Failure to file the accounts on time can make the directors liable to penalties under the Companies Act

3 3 All directors must act in the way the director considers, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole. In doing so all directors must have regard to a non-exhaustive list of factors, including the impact of the company's operations on the community and the environment

3 4 The directors must produce a business review for each financial year.

**Comment [K1]** PH with input from other Dirs?

#### 4. Directors may delegate

4 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
- (e) on such terms and conditions as they think fit.

4 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. The directors may revoke any delegation in whole or part, or alter its terms and conditions

#### 5. Committees

5 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. 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**

### **6. Directors to take decisions collectively**

6 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

### **7. Unanimous decisions**

7 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. 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.

7 2 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. 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.

### **8. Calling a directors' meeting**

8 1 Directors' meetings are to be held on a regular basis, as determined annually in advance by the directors, but not less than three meetings per year, at least one of which is to be dedicated to assessing the company's strategic position and approving the strategic business plans. Notice of any directors' meeting must indicate

- (a) its proposed date and time
- (b) where it is to take place
- (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
- (d) Notice of a directors' meeting must be given to each director, but need not be in writing
- (e) 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.

8 2 A directors' meeting can be convened by a director, or the Company Secretary at the request of any director at any time by giving all directors seven days' notice in writing. A meeting may, with the consent of all directors, be convened with less notice.



8 3 The directors may hold meetings at two or more venues using any technology (for example teleconferencing) that gives all directors a reasonable opportunity to participate in the meeting. However, the personal attendance of Board members at meetings is preferred.

## **9. Participation in directors' meetings**

9 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
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting

9 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. 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.

## **10. Quorum for directors' meetings**

10 1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting. 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 to be two. 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
- (b) to call a general meeting so as to enable the members to appoint further directors

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

11 1 The directors may appoint a director to chair their meetings. The person so appointed for the time being is known as the chairman. The directors may terminate the chairman's appointment at any time. 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.

## **12. Casting vote**

12 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. 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.



### 13. Conflicts of Interest

13 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

13 2 But if paragraph (13 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

13 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
- (c) the director's conflict of interest arises from a permitted cause

13 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 securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such securities
- (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

13 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

13 6 Subject to paragraph 13 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

13 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



13 8 Directors are required to take all reasonable steps to avoid an actual, potential or perceived conflict of interests with the company's interest. Directors must comply with the requirements of the Company Act and the Code of Conduct – Conflicts of Interest with respect to the disclosure of actual, potential or perceived conflicts of interest. Directors' statutory duties and obligations in relation to conflicts of interest, include (Companies Act)

- (a) avoiding conflicts of interest
- (b) not accepting benefits from third parties
- (c) disclosing an interest in a proposed or existing transaction or arrangement with the company

13 9 Directors can approve a matter that might otherwise give rise to a conflict. This director approval route only applies to the rule against conflicts and not to the rule against directors accepting benefits.

#### 14. Records of decisions to be kept

14 1 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.

#### 15. Directors' discretion to make further rules

15 1 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

#### 16. Methods of appointing directors

16 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
- (b) by a decision of the directors

16 2 In any case where, as a result of death, the company has no members and no directors, the personal representatives of the last member to have died have the right, by notice in writing, to appoint a person to be a director.

16 3 For the purposes of paragraph (16 2), where 2 or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

**Comment [K2]:** Changed to 16 2. Was 17 2.  
Keith I don't understand your point.



## 17. Termination of director's appointment

17 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

## 18. Directors' remuneration

18 1 Directors may undertake any services for the company that the directors decide. Directors are entitled to such remuneration as the directors determine

- (a) for their services to the company as directors
- (b) for any other service which they undertake for the company

18 3 Subject to the articles, a director's remuneration may

- (a) take any form,
- (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

18 4 Unless the directors decide otherwise, directors' remuneration accrues from day to day. 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

## 19. Directors expenses

19 1 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

- (c) separate meetings of the holders 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

## 20. Director loans

20 1 Certain transactions between the company and its directors require director approval, including

- (a) loans and quasi-loans
- (b) a director buying or selling a substantial non-cash asset from or to the company
- (d) payment for costs out with operational activities
- (e) a service contract that is longer than two years

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## PART 3 - ADMINISTRATIVE ARRANGEMENTS

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## 21. Means of communication to be used

21 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

21 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

21 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

## 22. Company seals

22 1 Any common seal may only be used by the authority of the directors. The directors may decide by what means and in what form any common seal is to be used. 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. For the purposes of this article, an authorised person is

- (a) any director of the company
- (b) the company secretary (if any)
- (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied

**Comment [K3].** Company seal?  
I think this statement is correct



**23. No right to inspect accounts and other records**

23 1 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 member

**24. Provision for employees on cessation of business**

24 1 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

**25. Indemnity**

25 1 Subject to paragraph (38 2), a relevant director of the 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

25 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 In this article

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate
- (b) a "relevant director" means any director or former director of the company or an associated company

**26. Insurance**

26 1 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 In this article

- (a) a "relevant director" means any director or former director of the company or an associated company

**Comment [K4] ?**  
In the original doc there is a para 38 2 This sentence could read" Subject to the provision of the Companies Acts and the provision of the law, a relevant Director of the company may be indemnified out of the company assets against -

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

## **27. Advice to directors**

27.1 External advice may be sought by a director under the terms of the Company and or director's indemnity insurances. Each director is

- (a) Bound by the Companies House Centre Code of Conduct for Conflicts of Interest and its policies and procedures
- (b) Required to comply with terms and conditions of any arrangements specifically involving them, for example director's indemnity insurance

27.2 Directors are to be aware of

- (a) Companies Act 2006 (Companies Act) This is the core legislation governing companies incorporated in the UK
- (b) Constitutional documents. These include the company memorandum and articles of association (articles)
- (c) Combined Code on Corporate Governance (Combined Code). The Combined Code is supplemented by additional guidance including, in particular, the
  - (i) Turnbull Guidance (on internal control),
  - (ii) Higgs Guidance, and
  - (iii) FRC Guidance on Audit Committees (previously known as the Smith Guidance)

## **28. Publication of Company Articles of Association**

28.1 The articles will be available to each director, internal and external auditors and stakeholders

## **29. Review of the Company Articles of Association**

29.1 The directors will review these articles annually and make any necessary or desirable amendments to ensure they remain consistent with the company's objectives, current law and best practice

## **30. Administrative Guidelines**

30.1 These articles are supported by administrative guidelines for the operation of the Company, such as the Directors Charter & Guidelines for Operation.

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### **31 Inconsistency with Articles**

31.1 To the extent that there is any inconsistency between articles or the Directors Charter & Guidelines for Operation, these Articles will prevail

*Effective : 31 July 2012*

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