

Company number 10048340

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

- of -

**COACHSCANNER LIMITED (the "Company")**

**28<sup>th</sup> July 2016 (the "Circulation Date")**

Pursuant to chapter 2 of part 13 of the Companies Act 2006, the sole director of the Company proposes that resolution 1 and 2 below are passed as special resolutions (together the "Resolutions")

**SPECIAL RESOLUTIONS**

- 1 That all and any rights of pre-emption whether under the articles of association of the Company, the Companies Act 2006 or otherwise be and are hereby waived in respect of the issue and allotment by the Company of 4,285 shares with a nominal value of £4,285
- 2 That the articles of association contained in the document attached to these written resolutions be approved and adopted as the new articles of association of the Company in substitution for and to the entire exclusion of the existing articles of association

**AGREEMENT**

Please read the notes at the end of this document before signifying your agreement to the Resolutions

The undersigned, being the sole member of the Company entitled to vote on the Resolutions on the Circulation Date, hereby irrevocably agree(s) to the Resolutions

Signed



Name

Irshad Khan

Date

28<sup>th</sup> July 2016



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## NOTES

Once you have indicated your voting intentions please sign and date this document and return it to the Company using one of the following methods

- (a) **by hand** delivering the signed copy to Irshad Khan, CoachScanner Limited, 18 - 21 Corsham Street, London, N1 6DR,
- (b) **by post** returning the signed copy by post to Irshad Khan, CoachScanner Limited, 18 – 21 Corsham Street, London, N1 6DR, or
- (c) **by email** by attaching a scanned copy of the signed document to an email and sending it to [ik@coachscanner.com](mailto:ik@coachscanner.com) Please enter "Written resolutions" in the email subject box

If you do not agree to either or both of the Resolutions, you do not need to do anything you will not be deemed to agree if you fail to reply

- 1 Once you have indicated your agreement to either or both of the Resolutions, you may not revoke your agreement
- 2 Unless, by 28 days from the Circulation Date, sufficient agreement has been received from the required majority of eligible members for the Resolution(s) to be passed, they will lapse. If you agree to the Resolution(s), please ensure that your agreement reaches us on or before this date
- 3 If you are signing this document on behalf of a person under a power of attorney or other authority, please send a copy of the relevant power of attorney or authority when returning this document

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**NEW**

**ARTICLES OF ASSOCIATION**

**of**

**COACHSCANNER LIMITED**  
**Registered No. 10048340**  
**(the "Company")**

(Adopted by a special resolution passed on ~~27th~~<sup>27th</sup> July 2016)

**1. Introduction**

- 1 1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles (the "**Model Articles**") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles
- 1 2 In these Articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force
- 1 3 In these Articles article headings are used for convenience only and shall not affect the construction or interpretation of these Articles

**2. Defined terms**

In these Articles the following words and expressions shall have the following meanings

"**Act**" means the Companies Act 2006 (as amended from time to time),

"**Auditors**" means the auditors of the Company from time to time,

"**Bad Leaver**" means a Founder who ceases to be an Employee prior to the third anniversary of the Date of Adoption by reason of

- (a) such Founder resigning as an Employee voluntarily and in circumstances which do not amount to constructive dismissal and/or constructive unfair dismissal, or
- (b) dismissal by the Company (or a member of the Group) for Cause,

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

**"Business Day"** means a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday),

**"Cause"** means

- (a) the lawful termination of their contract of employment without notice of payment in lieu of notice as a consequence of their misconduct, and/or
- (b) their fair dismissal pursuant section 98(2)(a) (capability) or 98(2)(b) (conduct) of the Employment Rights Act 1996,

**"Civil Partner"** means in relation to a Shareholder, a civil partner (as defined in the Civil Partnership Act 2004) of the Shareholder,

**"Date of Adoption"** means the date on which these Articles were adopted,

**"Director(s)"** means a director or directors of the Company from time to time,

**"Effective Termination Date"** means the date on which the Founder's employment or consultancy terminates,

**"Employee"** means an individual who is employed by or who provides consultancy services to, the Company or any member of the Group;

**"Employee Shareholder"** means any Employee that

- (a) holds Ordinary Shares in the Company, and
- (b) any Permitted Transferee of that Employee,

**"Encumbrance"** means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law),

**"Fair Value"** is as determined in accordance with Article 10.3,

**"Family Trusts"** means trust(s) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than a Shareholder who is an individual and/or Privileged Relations of that individual,

**"Founder"** means Irshad Khan and any Employee Shareholder,

**"Founder Shares"** means all Shares held by

- (a) the Founder in question, and
- (b) by any Permitted Transferee of that Founder other than those Shares held by those persons that an Investor Majority declares itself satisfied were not acquired directly or indirectly from the Founder or by reason of his relationship with the Founder,

**"Fund Manager"** means a person whose principal business is to make, manage or advise upon investments in securities,

**"Group"** means the Company and its subsidiary undertaking(s) (if any) from time to time,

**"Investment Agreement"** means any shareholders' agreement in force between the Founders, Investors and the Company,

**"Investor Directors"** means any directors of the Company appointed by the Investors under an Investment Agreement,

**"Investor Majority"** means as defined within the Investment Agreement,

**"Investors"** means those investors as defined within the Investment Agreement and their Permitted Transferees,

**"a Member of the same Fund Group"** means if the Shareholder is a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager (an "Investment Fund") or a nominee of that person

- (a) any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business),
- (b) any Investment Fund managed by that Fund Manager,
- (c) any parent undertaking or subsidiary undertaking of that Fund Manager, or any subsidiary undertaking of any parent undertaking of that Fund Manager, or
- (d) any trustee, nominee or custodian of such Investment Fund and vice versa,

**"a Member of the same Group"** means as regards any company, a company which is from time to time a parent undertaking or a subsidiary undertaking of that company or a subsidiary undertaking of any such parent undertaking,

**"New Securities"** means any shares or other securities convertible into, or carrying the right to subscribe for, those shares issued by the Company after the Date of Adoption (other than (a) options to subscribe for Shares under any Share Option Plan or (b) Shares or other securities which the Investor Majority have agreed should be issued without complying with Article 6),

**"Permitted Transfer"** means a transfer of Shares in accordance with Article 9,

**"Permitted Transferee"** means

- (a) in relation to a Shareholder who is an individual, any of his Privileged Relations, Trustees or Qualifying Company,
- (b) in relation to a Shareholder which is an undertaking means any Member of the same Group,
- (c) in relation to a Shareholder which is an Investment Fund means any Member of the same Fund Group,

**"Privileged Relation"** in relation to a Shareholder who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child and their issue),

**"Qualifying Company"** means a company in which a Shareholder or Trustee(s) hold the whole of the share capital and which they control,

**"Shareholder"** means any holder of any Shares,

**"Share Option Plan"** means any share option plan of the Company, the terms of which have been approved by the Investor Majority,

**"Shares"** means the ordinary shares of £1 each in the capital of the Company, from time to time, and

**"Trustees"** means the trustee(s) of a Family Trust

### **3. Proceedings of Directors**

- 3 1 The quorum for Directors' meetings shall be two Directors who must include at least one of the Investor Directors (save that where an interest of the Investor Director is being authorised by other Directors in accordance with section 175(5)(a) of the Act, the Investor Director and any other interested Director shall not be included in the quorum required for the purpose of such authorisation but shall otherwise be included for the purpose of forming the quorum at the meeting) Article 11(2) of the Model Articles shall not apply to the Company
- 3 2 In the case of any equality of votes, the chairman shall not have a second or casting vote Article 13 of the Model Articles shall not apply to the Company

### **4. Alternate Directors**

Articles 15 and 25 to 27 of the model articles for public companies limited by shares contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall apply to the Company

### **5. Directors' interests**

- 5 1 Subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting Article 14 of the Model Articles shall not apply to the Company
- 5 2 *Specific interests of a Director*

Subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind

- (a) where a Director (or a person connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested,
- (b) where a Director (or a person connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in

any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested,

- (c) where a Director (or a person connected with him) is a shareholder in the Company or a shareholder in, employee, director, member or other officer of, or consultant to, a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company,
- (d) where a Director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested,
- (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested, or
- (f) where a Director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this

### **5 3     *Interests of an Investor Director***

In addition to the provisions of Article 5 2, subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, where a Director is an Investor Director he may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest arising from any duty he may owe to, or interest he may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor (including without limitation by virtue of a earned interest, remuneration or incentive arrangements or the holding of securities) in

- (a) a Fund Manager who advises or manages an Investor;
- (b) any of the funds advised or managed by a Fund Manager who advises or manages an Investor from time to time, or
- (c) another body corporate or firm in which a Fund Manager who advises or manages an Investor or any fund advised by such Fund Manager has directly or indirectly invested, including without limitation any portfolio companies

## **6.     Allotment of new shares or other securities: pre-emption**

6 1     In accordance with section 567(1) of the Act, sections 561 and 562 of the Act do not apply to an allotment of equity securities made by the Company.

6 2     Unless otherwise determined by special resolution, any New Securities shall, before they are allotted or granted on any terms, be first offered by the Company in writing to each Shareholder by

- (a) giving details of the number and subscription price of the New Securities,

- (b) inviting him to apply for the New Securities at the subscription price (being on no less favourable terms),
- (c) stating that he will have a period of at least 14 days from the date of the notice in which to apply,
- (d) stating that, if there is competition among the Shareholders for the New Securities, the New Securities will be allocated to him in proportion (as nearly as may be) to his existing holdings of Shares (his "Proportionate Allocation"),
- (e) inviting him to indicate if he is willing to purchase New Securities in excess of his Proportionate Allocation ("Extra Securities") and, if so, the number of Extra Securities

6 3 On expiry of an offer made in accordance with Article 6 2 (or sooner if applications or refusals have been received from all Shareholders and all requisite approvals have been given), the Company shall allot or grant (as the case may be) the New Securities as follows

- (a) if the total number of New Securities applied for is equal to or less than the New Securities offered, each Shareholder shall be allocated the number applied for by him, or
- (b) if the total number of New Securities applied for is more than the New Securities offered, each Shareholder shall be allocated his Proportionate Allocation or, if less, the number of New Securities for which he has applied, and
- (c) applications for Extra Securities shall be allocated in accordance with such applications or, in the event of competition, among those Shareholders applying for Extra Securities in proportion to their Proportionate Allocations but so that no applicant shall be allocated more Extra Securities than he has applied for and so that if there is a surplus further allocations shall be made on the same basis (and if necessary more than once) until all New Securities have been allocated,
- (d) fractional entitlements shall be rounded to the nearest whole number,

following which the Directors may, subject to these Articles and the Act, allot or grant (as the case may be) such New Securities as have not been taken up in such manner as they think fit, but on no less favourable terms

6 4 Any New Securities offered under this Article 6 to an Investor may be accepted in full or part only by a Member of the same Fund Group as that Investor in accordance with the terms of this Article 6

6 5 No Shares shall be allotted to any Employee, Director, prospective Employee or prospective director of the Company who in the opinion of the Board is subject to taxation in the United Kingdom, unless such person has entered into a joint section 431 Income Tax (Earnings and Pensions) Act 2003 election with the Company if so required by the Company

6 6 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. The Directors are not authorised to determine the terms, conditions and manner of redemption unless express authorisation to do so is given by the Shareholders by ordinary resolution and the Investor Majority. Article 22(2) of the Model Articles shall not apply to the Company



## **7. Transfers of Shares – general**

- 7 1 Reference to the transfer of a Share in these Articles includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share
- 7 2 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles he will be deemed immediately to have served a Transfer Notice in respect of all Shares held by him
- 7 3 The Directors may refuse to register a transfer of a Share if
- (a) a Shareholder transfers a Share other than in accordance with these Articles, or
  - (b) the transfer is to an Employee, Director or prospective Employee or prospective director of the Company and such person has not entered into a joint section 431 ITEPA election with the Company

Article 26(5) of the Model Articles shall be modified accordingly

- 7 4 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement in force between some or all of the Shareholders and the Company
- 7 5 Articles 27 to 29 of the Model Articles regarding transmission of shares shall not apply to the Company
- 7 6 Any transfer of a Share by way of sale which is required to be made under Articles 9 to 14 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee
- 7 7 Notwithstanding any provision in these Articles to the contrary, no Share held by a Founder shall be transferred without the prior written consent of the Investor Majority

## **8. Permitted Transfers**

- 8 1 A Shareholder (the "**Original Shareholder**") may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise
- 8 2 Shares previously transferred as permitted by Article 8 1 may be transferred by the transferee to the Original Shareholder or any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise
- 8 3 Where, upon death of a Shareholder, the persons legally or beneficially entitled to any Shares are Permitted Transferees of that deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted Transferees without restriction as to price or otherwise
- 8 4 A transfer of any Shares approved by the Investor Majority and the Board may be made without restriction as to price or otherwise and each transfer shall be registered by the Directors

**9. Transfers of Shares subject to pre-emption rights**

9 1 Save where the provisions of Articles 8, 13 and 14 apply, a Shareholder who wishes to transfer Shares (a "Seller") shall give notice in writing (which cannot be withdrawn save with the consent of the Board) (a "Transfer Notice") to the Company (constituting the Company the agent of the Seller) specifying

- (a) the number of Shares which he wishes to transfer (the "Sale Shares"),
- (b) if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee, and
- (c) the price at which he wishes to transfer the Sale Shares (which will be deemed to be Fair Value of the Sale Shares if no price is agreed between the Seller and the Board (including the Investor Director) (the "Transfer Price")

If a Shareholder is deemed to have given a Transfer Notice, the price at which he is to transfer the Sale Shares (being in this case the Transfer Price) shall be agreed between such Shareholder and the Board (including the Investor Director) and failing such agreement such price will be deemed to be the Fair Value of such Shares

9 2 As soon as practicable following the receipt of a Transfer Notice (or, in the case where the Transfer Price has not been agreed, the determination of the Transfer Price under Article 10), the Company shall give notice in writing to each Shareholder other than the Seller (each an "Eligible Shareholder")

- (i) inviting him to apply for the Sale Shares at the Transfer Price,
- (ii) stating that he will have a period of at least 14 days from the date of the notice in which to apply,
- (iii) stating that, the Sale Shares shall be offered to the Eligible Shareholders and if there is competition among the Eligible Shareholders for the Sale Shares, the Sale Shares will be allocated to him in proportion (as nearly as may be) to his existing holding of Shares (his "Proportionate Allocation"),
- (iv) inviting him to indicate if he is willing to purchase Sale Shares in excess of his Proportionate Allocation ("Extra Shares") and, if so, the number of Extra Shares

9 3 On expiry of an offer made in accordance with Article 9 2 (or sooner if applications or refusals have been received from all Eligible Shareholders), the Company shall allocate the Sale Shares as follows

- (a) if the total number of Sale Shares applied for is equal to or less than the number of Sale Shares, each Eligible Shareholder of the Shares held by the Investors or, as applicable the remaining holders of Shares shall be allocated the number applied for by him, or
- (b) if the total number of Sale Shares applied for is more than the available number of Sale Shares, each Eligible Shareholder shall be allocated his Proportionate Allocation or, if less, the number of Sale Shares for which he has applied,
- (c) applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Eligible Shareholders applying for Extra Shares in proportion to their Proportionate Allocations but so that no applicant shall be allocated more Extra Shares than he has applied for

and so that if there is a surplus further allocations shall be made on the same basis (and if necessary more than once) until all Shares have been allocated, and

(d) fractional entitlements shall be rounded to the nearest whole number

9 4 The Company shall give written notice of allocation (an "Allocation Notice") to the Seller which shall specify the number of Sale Shares to be allocated to each applicant and the place and time (being not less than 7 nor more than 14 days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares

9 5 On service of an Allocation Notice, the Seller shall, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it

9 6 If the Seller fails to comply with the provisions of Article 9 5

(a) the chairman of the Directors or, failing him, one of the Directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller

(i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the applicants,

(ii) receive the transfer price and give a good discharge for it and (subject to the transfer being duly stamped) enter each applicant in the register of members as the holders of the Sale Shares allocated to him, and

(b) the Company shall pay the transfer price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered to the Company his certificate(s) for the relevant Shares (or a suitable indemnity)

9 7 If an Allocation Notice does not relate to all the Sale Shares then, subject to Article 9 8, the Seller may, within eight weeks after service of the Allocation Notice, transfer the unsold Sale Shares not included in the Allocation Notice to any person at a price at least equal to the Transfer Price

9 8 The right of the Seller to transfer Shares under Article 9 7 does not apply if the Board is of the opinion on reasonable grounds that

(a) the transferee is a person (or a nominee for a person) who is a competitor with (or an associate (as determined in accordance with section 435 of the Insolvency Act 1986) of a competitor with) the business of the Company or with a subsidiary undertaking of the Company,

(b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee, or

(c) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above

9 9 Any Sale Shares offered under this Article 9 to an Investor may be accepted in full or part only by a Member of the same Fund Group as that Investor in accordance with the terms of this Article 9

## **10. Valuation of Shares**

- 10.1 If no price is agreed between the Seller and the Board (including at least one Investor Director) then, upon service of the Transfer Notice the Board shall appoint an expert valuer in accordance with Article 10.2 (the "Expert Valuer") to certify the Fair Value of the Sale Shares or if the Fair Value has been certified by Expert Valuer within the preceding 12 weeks, such certified Fair Value shall apply
- 10.2 The Expert Valuer will be the Auditors unless this is not agreed by the Seller and the Board in which case it will be an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement within 10 Business Days after the date of service of the Transfer Notice to be nominated by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party and appointed by the Company
- 10.3 The "Fair Value" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases
- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer,
  - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,
  - (c) that the Sale Shares are capable of being transferred without restriction,
  - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent, and
  - (e) reflect any other factors which the Expert Valuer reasonably believe should be taken into account
- 10.4 The Expert Valuer shall be requested to determine the Fair Value within 20 Business Days of its appointment and to notify the Board and the Seller of its determination. The Expert Valuer shall act as experts and not as arbitrators and its determination shall be final and binding on the parties (in the absence of fraud or manifest error)
- 10.5 The cost of obtaining the certificate shall be paid by the Company unless the Sale Price certified by the Expert Valuer is less than the price (if any) offered by the Directors to the Seller for the Sale Share before Expert Valuer was instructed in which case the Seller shall bear the cost

## **11. Compulsory transfers – general**

- 11.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Directors
- 11.2 If a Shareholder which is a company, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the Shares held by the relevant Shareholder and its Permitted Transferees save to the extent that, and at a time, the Directors may determine

11 3 If a Permitted Transferee ceases to be a Permitted Transferee of the Original Shareholder, the Permitted Transferee must not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or another Permitted Transferee of the Original Shareholder without restriction as to price or otherwise, failing which it will be deemed to have given a Transfer Notice in respect of those Shares

11 4 On the death, bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver must within five Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within five Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver will be deemed to have given a Transfer Notice

11 5 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death the Directors may require the legal personal representatives of that deceased Shareholder either

- (a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer), or
- (b) to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder

If either requirement in this Article 11 5 shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine

11 6 If there is a change in control (as control is defined in section 1124 of the Corporation Tax Act 2010) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of any Permitted Transferee and/or nominee) a Transfer Notice in respect of all the Shares registered in its name, its Permitted Transferee name and their respective nominees' names save that, in the case of the Permitted Transferee, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee of the Original Shareholder before being required to serve a Transfer Notice. This Article 11 6 shall not apply to a member that is an Investor

## **12. Compulsory transfer – Founder**

12 1 If a Founder ceases to be an Employee or consultant of the Company, such Founder (and his Permitted Transferees in any) shall be deemed to have given a Transfer Notice in respect of all of his Shares (rounded down to the nearest whole share) on the Effective Termination Date

12 2 If a Founder is a Bad Leaver the Transfer Price shall be the lower of Fair Value and the nominal value of the Shares

- 12 3 If a Founder is not a Bad Leaver the Transfer Price shall be at Fair Value of the Shares
- 12 4 The Shares shall be offered to the other Shareholders (subject always to the provisions of the Act) pursuant to Article 9
- 12 5 All voting rights attached to the Shares of a Founder (and his Permitted Transferees in any) (the "**Restricted Member**"), if any, shall be suspended on the Effective Termination Date
- 12 6 Any Shares whose voting rights are suspended pursuant to Article 12 5 ("**Restricted Shares**") shall confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings of the Company and receive a copy of any proposed written resolution of the Company but shall have no right to vote either in person or by proxy or to vote on any proposed written resolution. If a Restricted Member transfers any Restricted Shares in accordance with these Articles, all voting rights attached to the Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of members) automatically be restored
- 12 7 The Board and the Investor Majority can determine whether any of the provisions of this Article 12 shall not apply to the Founder

### 13. Co-Sale right

- 13 1 No transfer (other than a Permitted Transfer) of any of the Shares may be registered unless a Shareholder (a "**Selling Member**") shall have observed the following procedures of this Article
- 13 2 After the Selling Member has gone through the pre-emption process set out in Article 9, the Selling Shareholder shall give to each Investor not less than 15 Business Days' notice in advance of the proposed sale (a "**Co-Sale Notice**") The Co-Sale Notice shall specify
- (a) the identity of the proposed purchaser (the "**Buyer**"),
  - (b) the price per share which the Buyer is proposing to pay,
  - (c) the manner in which the consideration is to be paid,
  - (d) the number of Shares which the Selling Member proposes to sell, and
  - (e) the address where the counter-notice should be sent
- 13 3 Each Investor shall be entitled within five Business Days after receipt of the Co-Sale Notice, to notify the Selling Member that they wish to sell a certain number of Shares held by them at the proposed sale price, by sending a counter-notice which shall specify the number of Shares which such Investor wishes to sell. The maximum number of Shares which an Investor can sell under this procedure shall be

$$\left( \frac{X}{Y} \right) \times Z$$

where

X is the number of Shares the Selling Member proposes to sell,

Y is the total number of Shares held by the Selling Member,

Z is the number of Shares held by the Investor

Any Investor who does not send a counter-notice within such five Business Day period shall be deemed to have specified that they wish to sell no Shares

- 13 4 Following the expiry of five Business Days from the date the Investors receive the Co-Sale Notice, the Selling Member shall be entitled to sell to the Buyer on the terms notified to the Investors a number of Shares not exceeding the number specified in the Co-Sale Notice less any Shares which Investors have indicated they wish to sell, provided that at the same time the Buyer (or another person) purchases from the Investors the number of Shares they have respectively indicated they wish to sell on terms no less favourable than those obtained by the Selling Member from the Buyer
- 13 5 No sale by the Selling Member shall be made pursuant to any Co-Sale Notice more than three months after service of that Co-Sale Notice
- 13 6 Sales made under a Co-Sale Notice in accordance with this Article 13 shall not be subject to Article 9

#### **14. Drag-along**

- 14 1 If the holders of more than 50% of the Shares (including the Investor Majority) (the "Selling Shareholders") wish to transfer all their interest in Shares (the "Sellers' Shares") to a proposed purchaser who has made an offer on arm's length (the "Proposed Purchaser"), the Selling Shareholders shall have the option (the "Drag Along Option") to require all the other holders of Shares (the "Called Shareholders") to sell and transfer all their Shares (the "Called Shares") to the Proposed Purchaser or as the Proposed Purchaser shall direct in accordance with the provisions of this Article 14
- 14 2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "Drag Along Notice") to the Company (which the Company shall immediately send to the Called Shareholders) at any time before the transfer of the Sellers' Shares to the Proposed Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Called Shares under this Article 14, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article 14) and the proposed date of transfer
- 14 3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Proposed Purchaser within 40 Business Days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice
- 14 4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be on terms no less favourable than those obtained by the Selling Shareholders from the Proposed Purchaser
- 14 5 No Drag Along Notice may require a Called Shareholder to agree to any terms except those specifically provided for in this Article 14
- 14 6 Within five Business Days of the Company serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Purchaser or as the Proposed Purchaser shall direct,

together with the relevant share certificate(s) (or an indemnity for lost certificate in a form acceptable to the Directors) to the Company. On the expiration of that five Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Purchaser, the amounts they are due pursuant to Article 14.4 to the extent that the Company has received these amounts in cleared funds from the Proposed Purchaser. The Company's receipt for the amounts due pursuant to Article 14.4 shall be a good discharge to the Proposed Purchaser. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 14.4 in trust for the Called Shareholders without any obligation to pay interest.

- 14.7 To the extent that the Proposed Purchaser has not, on the expiration of such five Business Day period, put the Company in funds to pay the amounts due pursuant to Article 14.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or an indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 14 in respect of their Shares.
- 14.8 If a Called Shareholder fails to deliver stock transfer forms and share certificates (or an indemnity) for its Shares to the Company upon the expiration of that five Business Day period, any Director is authorised to transfer the Called Shareholder's Shares as agent on the Called Shareholder's behalf to the Proposed Purchaser (or its nominee(s)) to the extent the Proposed Purchaser has, at the expiration of that five Business Day period, put the Company in funds to pay the amounts due pursuant to Article 14.4 for the Called Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or provide a suitable indemnity) to the Company. On surrender, he shall be entitled to the amount due to him pursuant to Article 14.4.
- 14.9 Any transfer of Shares to a Proposed Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of Article 9.
- 14.10 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "New Shareholder"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice who shall then be bound to sell and transfer all Shares so acquired to the Proposed Purchaser or as the Proposed Purchaser may direct and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.



# **SCHEDULE**

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

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**PART 1**  
**INTERPRETATION AND LIMITATION OF LIABILITY**

**Defined terms**

1 In the articles, unless the context requires otherwise—

"articles" means the company's articles of association,

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

"chairman" has the meaning given in article 12,

"chairman of the meeting" has the meaning given in article 39,

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

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

"distribution recipient" has the meaning given in article 31,

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

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

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

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

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares,

"instrument" means a document in hard copy form,

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

"paid" means paid or credited as paid,

"participate" in relation to a directors' meeting, has the meaning given in article 10,

"proxy notice" has the meaning given in article 45,

"shareholder" means a person who is the holder of a share,

"shares" means shares in the company,

"special resolution" has the meaning given in section 283 of the Companies Act 2006,

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

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law, and

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

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

#### **Liability of members**

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

### **PART 2 DIRECTORS**

#### **DIRECTORS' POWERS AND RESPONSIBILITIES**

##### **Directors' general authority**

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

##### **Shareholders' reserve power**

- 4           (1)       The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action
- (2)       No such special resolution invalidates anything which the directors have done before the passing of the resolution

##### **Directors may delegate**

- 5           (1)       Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—
- (a)       to such person or committee,
- (b)       by such means (including by power of attorney),
- (c)       to such an extent,
- (d)       in relation to such matters or territories, and
- (e)       on such terms and conditions,
- as they think fit
- (2)       If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated
- (3)       The directors may revoke any delegation in whole or part, or alter its terms and conditions

##### **Committees**

- 6           (1)       Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors
- (2)       The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them

#### **DECISION-MAKING BY DIRECTORS**

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

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

(2) If—

- (a) the company only has one director, and
- (b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making

#### Unanimous decisions

- 8
- (1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter
  - (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing
  - (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting
  - (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

#### Calling a directors' meeting

- 9
- (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice
  - (2) Notice of any directors' meeting must indicate—
    - (a) its proposed date and time,
    - (b) where it is to take place, and
    - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting
  - (3) Notice of a directors' meeting must be given to each director, but need not be in writing
  - (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it

#### Participation in directors' meetings

- 10
- (1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
    - (a) the meeting has been called and takes place in accordance with the articles, and
    - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting
  - (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other
  - (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is

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

- 11 (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
- (b) to call a general meeting so as to enable the shareholders to appoint further directors

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

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

#### **Casting vote**

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

#### **Conflicts of interest**

- 14 (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- (3) This paragraph applies when—
- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process,
- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or
- (c) the director's conflict of interest arises from a permitted cause
- (4) For the purposes of this article, the following are permitted causes—
- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries,

- (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities, and
  - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors
- (5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting
- (6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes

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

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

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

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

### **APPOINTMENT OF DIRECTORS**

#### **Methods of appointing directors**

- 17 (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—
- (a) by ordinary resolution, or
  - (b) by a decision of the directors
- (2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director
- (3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder

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

- 18 A person ceases to be a director as soon as—
- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
  - (b) a bankruptcy order is made against that person,
  - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,

- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
- (e) [repealed],
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

#### **Directors' remuneration**

- 19
- (1) Directors may undertake any services for the company that the directors decide
  - (2) Directors are entitled to such remuneration as the directors determine—
    - (a) for their services to the company as directors, and
    - (b) for any other service which they undertake for the company
  - (3) Subject to the articles, a director's remuneration may—
    - (a) take any form, and
    - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director
  - (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day
  - (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested

#### **Directors' expenses**

- 20
- The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors,
  - (b) general meetings, or
  - (c) separate meetings of the holders of any class of shares or of debentures of the company,
- or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company

### **PART 3 SHARES AND DISTRIBUTIONS**

#### **SHARES**

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

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



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

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

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

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

#### **Share certificates**

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

#### **Replacement share certificates**

- 25       (1)       If a certificate issued in respect of a shareholder's shares is—
- (a)       damaged or defaced, or
  - (b)       said to be lost, stolen or destroyed,
- that shareholder is entitled to be issued with a replacement certificate in respect of the same shares
- (2)       A shareholder exercising the right to be issued with such a replacement certificate—
- (a)       may at the same time exercise the right to be issued with a single certificate or separate certificates,
  - (b)       must return the certificate which is to be replaced to the company if it is damaged or defaced, and
  - (c)       must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide

#### Share transfers

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

#### Transmission of shares

- 27
- (1) If title to a share passes to a transferee, the company may only recognise the transferee as having any title to that share
  - (2) A transferee 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 transferees 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 transferees' rights

- 28
- (1) Transferees 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 transferee wishes to have a share transferred to another person, the transferee 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 transferee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred

#### Transferees bound by prior notices

- 29
- If a notice is given to a shareholder in respect of shares and a transferee is entitled to those shares, the transferee is bound by the notice if it was given to the shareholder before the transferee'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 transferee

#### 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