

Companies Act 2006

Private company limited by shares

DRAFT

Articles of association of

[New Forest Property Holdings Limited]¹

¹ Name to be confirmed

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Articles of association of [New Forest Property Holdings Limited]

Part 1: Interpretation and model articles

1 Interpretation

1.1 In these articles, unless the context requires otherwise:

- (a) **2006 Act** means the Companies Act 2006;
- (b) **these articles** means these articles of association as from time to time amended;
- (c) **company** means the above named company intended to be regulated by these articles;
- (d) **conflict authority** has the meaning given in article 10.1;
- (e) **Councillor** means an elected member of the Council for the time being;
- (f) **directors** means some or all of the company's eligible directors for the time being when they take decisions in accordance with these articles;
- (g) **eligible director** means, in relation to a particular matter, a director who is entitled to vote on that matter at a directors' meeting and whose vote is to be counted in respect of that matter;
- (h) **group undertaking** has the meaning given in section 1161(5) of the 2006 Act;
- (i) **model articles** means the model articles for private companies limited by shares prescribed by Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as in force on the date of incorporation of the company;
- (j) **Officer** means an officer of the Council for the time being;
- (k) **person** includes any natural person, body corporate, partnership or unincorporated association, in each case whether or not having a separate legal personality;
- (l) **the Council** means New Forest District Council and any of its successors;
- (m) **United Kingdom** means Great Britain and Northern Ireland; and
- (n) **writing** or **written** 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.

1.2 In these articles, references to any statute or statutory provision include any modification or re-enactment of it for the time being in force. This does not affect the interpretation of the final sentence of paragraph 1 of the model articles.

1.3 In these articles:

- (a) a reference to an **article** by number is a reference to the provision of these articles of that number; and
- (b) a reference to a **conflict of interest** includes a conflict of interest and duty and a conflict of duties, and (in that context) **interest** includes both direct and indirect interests.

1.4 The headings in these articles do not affect the interpretation of them.

2 Adoption of model articles

2.1 The model articles apply to (and form part of) these articles, in so far as these articles do not exclude or modify the model articles.

2.2 The following paragraphs of the model articles do not apply to the company: 7(2), 11(2), 21, 26(5) and 50.

3 Objects

3.1 The objects of the company are to carry on the trade or business of a property investment, development and letting company within the United Kingdom and the company has power to do all such things as are incidental or conducive to the carrying on of that trade or business including, without limitation, to:

- (a) purchase, take on, lease, hire or otherwise acquire real or personal property and rights or privileges and construct, maintain, alter or demolish buildings, structures, and/or infrastructures, whether residential, commercial or mixed-use;
- (b) sell, manage, let or mortgage, charge, dispose of all or any of the property or assets of the company, subject to such consents as may be required by law;
- (c) pay outgoings and expenses and execute documents and do all things required in connection with the use, maintenance, upkeep, expansion, alteration or improvement of any such property;
- (d) insure any such property of the company against any foreseeable risk and take out other insurance policies to protect the company and its officers, staff and third parties when required;
- (e) delegate the management and/or maintenance of the whole or part of the property portfolio;
- (f) enter into contracts for the supply of goods and/or services by or to the company or, otherwise, as necessary to further the business of the company;

- (g) enter into contracts for works by or to the company or, otherwise, as necessary to further the business of the company;
- (h) employ or engage paid or unpaid agents, staff or advisors and to make all reasonable and necessary provisions towards the payment of pensions and superannuation to or on behalf of staff;
- (i) lend, borrow or raise funds for the objects of the company on such terms and subject to such security as the directors think fit;
- (j) give guarantees;
- (k) give security for loans or other obligations;
- (l) receive and accept any gift of money, property or other assets whether subject to any special trust or not;
- (m) draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments, and operate bank accounts in the name of the company;
- (n) deposit or invest its funds in any manner (but to invest only after obtaining such advice from a financial expert as the directors consider necessary and having regard to the suitability of investments and the need for diversification);
- (o) enter into joint ventures or partnerships;
- (p) arrange for investments or other property of the company to be held in the name of a nominee company acting under the direction of the directors and pay any reasonable fee required;
- (q) deposit documents and physical assets with any company registered or having a place of business in England and Wales as custodian, and pay any reasonable fee required;
- (r) establish and/or acquire subsidiary or associated companies or entities or whatever kind and/or participate in such entities;
- (s) provide indemnity insurance to cover the liability of any shareholder or director, in accordance with these articles; and
- (t) prepare, edit, print, publish, issue, acquire and distribute information in any media format (or commission other bodies or individuals to do so);
- (u) provide, promote and sponsor conferences, lectures, discussions, exhibitions, training courses, case studies and other like events;
- (v) make any kind of donation, grant or loan, and provide sponsorship or otherwise support projects or initiatives;

- (w) do anything else within the law which promotes or helps to promote the objects.

Part 2: The Council

The Council's powers

4 Council's reserve power

- 4.1 The Council may direct in writing the directors to take, or refrain from taking, specified action.
- 4.2 No such direction invalidates anything which the directors have done before receipt of such direction.
- 4.3 The company may not, without the prior written consent of the Council:
 - (a) change the nature of the company's business or create a new business (unless it is ancillary or incidental to an existing business);
 - (b) form or participate in a joint venture or partnership;
 - (c) form a subsidiary or acquire shares in another corporate entity;
 - (d) permit a new member of the company to be registered (if having subscribed for or acquired shares in the company);
 - (e) direct any subsidiary to undertake any of the matters in (a) to (d) above *mutatis mutandis*;
 - (f) make any determination with respect to, pass a resolution of, or give any direction or consent to, any subsidiary (or, as applicable, its officers) in the company's capacity as the registered holder of 50% or more of the issued share capital of that subsidiary.
- 4.4 The company may not, without the prior written consent of the Council, which may be given to the company for the purpose of this article 4.4 by written notice from the Council executive:
 - (a) declare a dividend;
 - (b) appoint or remove a director;
 - (c) incur more than £5 million on the acquisition of a single property or on the acquisition of a collection of properties comprised on a single site;
 - (d) carry out the acquisition of any property located outside of the local government district of New Forest;

- (e) direct any subsidiary to undertake any of the matters in (a) to (d) above *mutatis mutandis*.

Part 3: Directors

Directors' powers and responsibilities

5 Directors may delegate

In paragraph 5(1) of the model articles, the words "delegate any of the powers which are conferred on them under the articles" are deleted and replaced with the words "delegate any of their powers".

Decision-making by directors

6 Unanimous decisions

6.1 In paragraph 8(2) of the model articles, the words "copies of which have been signed by each eligible director" are deleted and replaced with the words "where each eligible director has signed one or more copies of it".

6.2 In paragraph 8(3) of the model articles, the words "and whose vote would have been counted" are inserted after the words "had it been proposed as a resolution at a directors' meeting".

7 Calling a directors' meeting

Notice of a directors' meeting need not be given to a director who is absent from the United Kingdom and has not given the company an address to which such notices may be given by electronic means during his absence.

8 Quorum for directors' meetings

8.1 Subject to article 8.2, the quorum for directors' meetings is two eligible directors, of whom one is a Councillor and one is an Officer.

8.2 If, due to a conflict, the eligible directors at a director's meeting (or part of a meeting) do not include at least one Councillor and at least one Officer, then in respect of that meeting (or part of a meeting) the quorum is two eligible directors (whether or not they are Councillors or Officers or neither).

8.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision to appoint further directors or to request the Council to appoint further directors (pursuant to the power conferred in article 16.1).

Directors' interests and conflicts

9 Transactions or arrangements with the company

- 9.1 Subject to the 2006 Act and to article 9.2, and provided he has complied with any provision of the 2006 Act requiring a declaration of his interest to the other directors, a director may, despite his office, be a party to, or otherwise (directly or indirectly) be interested in, any transaction or arrangement with the company.
- 9.2 Subject to article 9.3, a director shall not be counted as participating for quorum or voting purposes in the decision-making process concerning an actual or proposed transaction or arrangement with the company in which he is interested.
- 9.3 Notwithstanding article 9.2, 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:
- (a) with the consent of the Council;
 - (b) if the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the conflict arises from one of the permitted causes set out in article 14(4) of the model articles.

10 Directors' situational conflicts of interest

- 10.1 For the purposes of section 175 of the 2006 Act, the directors may authorise any matter proposed to them which would, or might, if not authorised, result in a director infringing his duty under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. Such an authorisation is referred to in these articles as a **conflict authority**.
- 10.2 A conflict authority may (subject to article 12) be given on such terms (including limits or conditions) as the directors decide. The director concerned must comply with any obligations imposed on him by such terms.
- 10.3 The directors may revoke or vary a conflict authority at any time, but this will not invalidate anything previously done by the director in accordance with the authority.

11 Ability to hold offices and enter into other transactions and arrangements

- 11.1 Provided he has declared the nature and extent of any direct or indirect interest of his to the other directors (other than a non-disclosable interest as set out in article 11.4), a director may, despite his office:
- (a) be an elected member or officer of the Council;
 - (b) be employed or engaged by the Council or any other local authority providing his services to the Council;
 - (c) be a director or other officer of, or employed or engaged by, hold shares or other securities in, or otherwise be interested in, whether directly or indirectly,

any group undertaking of the company or any other undertaking in which the company is otherwise (directly or indirectly) interested;

- (d) be a party to, or otherwise interested in, whether directly or indirectly, any transaction or arrangement in which the company is (directly or indirectly) interested (other than a transaction or arrangement with the company); and
- (e) be a party to any transaction or arrangement with any group undertaking of the company or any other undertaking in which the company is otherwise (directly or indirectly) interested.

11.2 Subject to compliance by them with their duties as a director under Part 10 of the 2006 Act (other than the duty in section 175(1) of the 2006 Act which is the subject of this article 11.2), and notwithstanding their office or the existence of an actual or potential conflict between the interests of the company and those of the Council which would fall within the ambit of that section 175(1), a director:

- (a) shall be entitled to consult freely about the company with, and disclose confidential information used in or relating to the business of the company to, the Council; and
- (b) will not be obliged to disclose to the company, or use for the benefit of the company, any confidential information received by them by virtue of their employment with or membership of the Council and otherwise than by virtue of their position as a director, if to do so would breach any duty of confidentiality to the Council or a third party to whom the Council owes a legally binding obligation of confidentiality.

11.3 No conflict authority is required in respect of any matter referred to in article 11.1, and a director does not infringe his duty under section 175 of the 2006 Act because of this.

11.4 The following are non-disclosable interests for the purposes of article 11.1:

- (a) any interest of a director which consists of him being a director, officer or employee of (or otherwise being engaged by) any group undertaking of the company; and
- (b) any interest of a director which cannot reasonably be regarded as likely to give rise to a conflict of interest or one that the other directors are already aware of or ought reasonably to be aware of.

11.5 If a declaration of interest under article 11.1 proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

12 Confidential information and attendance at directors' meetings

If a matter is authorised pursuant to a conflict authority or is one to which article 11.1 applies:

- 12.1 the director will not be required to disclose to the company, or use in relation to the company's affairs, any information relating to the matter that is confidential to another person where to do so would amount to a breach of that confidence;
- 12.2 the director may absent himself from the discussion of, and/or the making of decisions relating to, the matter (whether at directors' meetings or otherwise), and may excuse himself from reviewing documents and information which will or may relate to the matter, for so long as he reasonably believes that an actual or potential conflict of interest arises out of the matter; and
- 12.3 the director may be excluded from the receipt of documents and information, the participation in discussion and/or the making of decisions (whether at directors' meetings or otherwise) which will or may relate to the matter.

13 Accounting for benefits when interested

If a director or any other person receives any benefit as a result of anything allowed under articles 9.1 or 11 or (subject to its terms) pursuant to a conflict authority:

- 13.1 the director is not required to account to the company for the benefit;
- 13.2 no transaction or arrangement will be liable to be avoided on the ground of the benefit; and
- 13.3 the receipt of the benefit will not constitute a breach of the director's duty under section 176 of the 2006 Act.

14 Right to inspect the company's accounting records

The Council (acting through its officers) and its auditors for the time being shall be entitled to inspect, at all reasonable times and on reasonable notice to the company, the company's books and accounting records.

Appointment of directors

15 Number of directors

Unless otherwise determined by resolution of the Council, the number of directors shall not be subject to a maximum, but shall not be less than four, of which at least two of whom are Councillors and at least two of whom are Officers.

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 the Council; or
 - (b) by majority decision of the directors.

16.2 The Council may appoint an additional director or directors by giving notice of appointment in writing to the company signed by them or authenticated in any other manner approved by the directors. The appointment takes effect when the notice is sent or supplied to the company or any director, or on any later date specified in the notice.

17 Termination of director's appointment

17.1 A person ceases to be a director as soon as the Council gives notice in writing to the company signed by them, or authenticated in any other manner approved by the directors, removing that person from office as a director. The removal takes effect when the notice is sent or supplied to the company or any director, or on any later date specified in the notice.

17.2 Notwithstanding any other provision of these articles a person ceases to be a director immediately in the following circumstances:

- (a) as soon as he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or
- (b) being a Councillor at the time of his appointment as a director, he ceases to be a Councillor; or
- (c) being an Officer at the time of his appointment as a director, his employment by the Council, or by any other local authority providing his services to the Council, is terminated for any reason.

17.3 Articles 17.1 and 17.2 take effect in addition to the circumstances in which a person ceases to be a director pursuant to paragraph 18 of the model articles.

18 Directors' Remuneration

Directors may undertake any services for the company with the approval of the board and **provided that** no fee shall be paid to a director who is a Councillor or an Officer for such services.

19 Directors' expenses

In paragraph 20 of the model articles, the words "and the company secretary (if any)" are inserted after the words "the directors".

Part 4: Shares and distributions

Share capital

20 Share capital

The share capital of the company at the date of adoption of these articles is divided into ordinary shares of £1.00 each.

Share certificates

21 Issue and content of share certificates

21.1 In paragraph 24(2)(c) of the model articles, the words "that the shares are fully paid" are deleted and replaced with the words "the amount paid up on them".

21.2 Paragraph 24(5) of the model articles is deleted and replaced with a new paragraph 24(5) as follows:

"Certificates must be executed in accordance with the 2006 Act."

Dividends and other distributions

22 Procedure for declaring dividends

22.1 Subject to these articles, the company may distribute to the members any profits available for distribution (within the meaning of the 2006 Act).

22.2 The company may by ordinary resolution declare final dividends, and the directors may decide to pay interim dividends.

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

22.4 No dividend may be declared or paid unless it is in accordance with members' respective rights.

23 Calculation of dividends

23.1 All dividends must be:

(a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and

(b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

23.2 If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

23.3 For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

Capitalisation of profits

24 Authority to capitalise and appropriation of capitalised sums

In paragraph 36(4) of the model articles, the words "in or towards paying up any amounts unpaid on existing shares held by the persons entitled, or" are inserted after the words "may be applied".

Part 5: Decision-making by shareholders

Organisation of general meetings

25 Notice of general meeting

A shareholder present, either in person or by proxy, at any general meeting of the company will be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.

26 Quorum for general meetings

26.1 If the company has only one member, one qualifying person present at the meeting is a quorum. Subject as provided in section 318(2) of the 2006 Act, if the company has more than one member, two qualifying persons present at the meeting and entitled to vote are a quorum.

26.2 If, at any adjourned meeting, such a quorum is not present within half an hour of the time appointed for the adjourned meeting, the meeting must be dissolved.

26.3 In this article 26, **qualifying person**, in relation to any general meeting, means an individual who is a member of the company, a person authorised under section 323 of the 2006 Act to act as the representative of a corporation in relation to the meeting, or a person appointed as proxy of a member in relation to the meeting.

Voting at general meetings

27 Voting: general

27.1 On a vote on a resolution on a show of hands at a general meeting:

- (a) every shareholder present in person has one vote; and
- (b) every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote (subject to section 285(2) of the 2006 Act).

27.2 On a vote on a resolution on a poll taken at a meeting, every shareholder present in person or by one or more duly appointed proxies has one vote in respect of each share held by him.

28 Poll votes

Paragraph 44(2) of the model articles is deleted and replaced with a new paragraph 44(2) as follows:

"A poll may be demanded by:

- (a) the chairman of the meeting;
- (b) the directors; or
- (c) any shareholder."

Part 6: Administrative arrangements

29 Means of communication to be used

29.1 In addition to any other means of communication, the company may send or supply any document or information which is authorised or required to be sent or supplied by the company to its members by any provision of the Companies Acts or under these articles by making it available on a website.

29.2 The provisions of the 2006 Act which apply when documents or information to be sent or supplied under the Companies Acts are made available on a website also apply, with any necessary changes, when any document or information is to be sent or supplied by the company under these articles.

30 When a communication from the company is deemed received

Section 1147 of the 2006 Act applies to any document or information which is authorised or required to be sent or supplied by the company to its members by any provision of the Companies Acts or under these articles as if:

30.1 section 1147(2) were deleted and replaced with a new section 1147(2) as follows:

"Where the document or information is sent by post (whether in hard copy or electronic form) and the company is able to show that it was properly addressed, prepaid and posted, it is deemed to have been received by the intended recipient (a) 24 hours after it was posted, if posted by first class post to an address in the United Kingdom, and (b) on the fifth working day after it was posted, if posted by international signed for post to an address outside the United Kingdom.";

30.2 in section 1147(3), the words "48 hours after it was sent" were deleted and replaced with the words "24 hours after it was sent"; and

30.3 section 1147(5) were deleted and replaced with a new section 1147(5) as follows:

"Where the document or information is handed to the intended recipient (whether in hard copy or electronic form), or is sent or supplied by hand and the company is able to show that it was properly addressed and sent at the cost of the company, it is deemed to have been received by the intended recipient when delivered."

31 When a communication to the company is deemed received

A document or information sent or supplied to the company under these articles is deemed to have been received by the company when it is received at the address specified by the company for the purpose or at the company's registered office, or (in the case of a document or information sent or supplied to the company by a director) when it is produced to any directors' meeting.

Note: A copy of the model articles for private companies limited by shares is set out below together with relevant extracts from the model articles for public companies, in each case without incorporating any amendments made by these articles.

**Model articles for private companies limited by shares
(Prescribed by SI 2008/3229, Schedule 1)**

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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) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
 - (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

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

Directors' expenses

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

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 transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

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

DIVIDENDS AND OTHER DISTRIBUTIONS

Procedure for declaring dividends

- 30.-(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Payment of dividends and other distributions

- 31.-(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means-
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
 - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable-
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

No interest on distributions

32. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by-
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the holder of that share and the company.

Unclaimed distributions

- 33.-(1) All dividends or other sums which are-
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the directors for the benefit of the company until claimed.
- (2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.
- (3) If-
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

Non-cash distributions

- 34.-(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution-
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

Waiver of distributions

35. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if-
- (a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise, the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

Authority to capitalise and appropriation of capitalised sums

- 36.-(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution-
- (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
 - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.
- (2) Capitalised sums must be applied-
- (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them.
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (5) Subject to the articles the directors may-
- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
 - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
 - (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 4 DECISION-MAKING BY SHAREHOLDERS ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

- 37.-(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when-
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

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

Chairing general meetings

- 39.-(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start-
- (a) the directors present, or
 - (b) (if no directors are present), the meeting,
- must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- (3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

Attendance and speaking by directors and non-shareholders

- 40.-(1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The chairman of the meeting may permit other persons who are not-
- (a) shareholders of the company, or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
- to attend and speak at a general meeting.

Adjournment

- 41.-(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if-
- (a) the meeting consents to an adjournment, or
 - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

- (4) When adjourning a general meeting, the chairman of the meeting must-
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)-
 - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

Voting: general

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

Errors and disputes

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

Poll votes

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

Content of proxy notices

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

Delivery of proxy notices

- 46.**-(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

Amendments to resolutions

- 47.**-(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if-
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if-
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

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

PART 5 ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

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

(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

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

Company seals

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

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

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

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

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

No right to inspect accounts and other records

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

Provision for employees on cessation of business

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

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity

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

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article-

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

Insurance

53.-(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article-

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

Model articles for public companies (extracts)
(Prescribed by SI 2008/3229, Schedule 3)

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PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

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

"call" has the meaning given in article 54;

"call notice" has the meaning given in article 54;

"company's lien" has the meaning given in article 52;

"distribution recipient" has the meaning given in article 72;

"lien enforcement notice" has the meaning given in article 53;

"paid" means paid or credited as paid;

"partly paid" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the company;

PART 4
SHARES AND DISTRIBUTIONS
PARTLY PAID SHARES

Company's lien over partly paid shares

- 52.-(1) The company has a lien ("the company's lien") over every share which is partly paid for any part of-

(a) that share's nominal value, and

(b) any premium at which it was issued,

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

- (2) The company's lien over a share-

(a) takes priority over any third party's interest in that share, and

(b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.

- (3) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

Enforcement of the company's lien

- 53.-(1) Subject to the provisions of this article, if-

(a) a lien enforcement notice has been given in respect of a share, and

(b) the person to whom the notice was given has failed to comply with it,

the company may sell that share in such manner as the directors decide.

- (2) A lien enforcement notice-

(a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

(b) must specify the share concerned;

(c) must require payment of the sum payable within 14 days of the notice;

(d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;

and

(e) must state the company's intention to sell the share if the notice is not complied with.

- (3) Where shares are sold under this article-

(a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the

- purchaser, and
- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- (4) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied-
 - (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,
 - (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or a suitable indemnity has been given for any lost certificates, and subject to a lien equivalent to the company's lien over the shares before the sale for any money payable in respect of the shares after the date of the lien enforcement notice.
- (5) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date-
 - (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

Call notices

- 54.**-(1) Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a "call notice") to a member requiring the member to pay the company a specified sum of money (a "call") which is payable in respect of shares which that member holds at the date when the directors decide to send the call notice.
- (2) A call notice-
- (a) may not require a member to pay a call which exceeds the total sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the company by way of premium);
 - (b) must state when and how any call to which it relates it is to be paid; and
 - (c) may permit or require the call to be paid by instalments.
- (3) A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent.
- (4) Before the company has received any call due under a call notice the directors may-
- (a) evoke it wholly or in part, or
 - (b) specify a later time for payment than is specified in the notice,
- by a further notice in writing to the member in respect of whose shares the call is made.

Liability to pay calls

- 55.**-(1) Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- (2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.
- (3) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them-
- (a) to pay calls which are not the same, or
 - (b) to pay calls at different times.

When call notice need not be issued

- 56.**-(1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)-
- (a) on allotment;
 - (b) on the occurrence of a particular event; or
 - (c) on a date fixed by or in accordance with the terms of issue.
- (2) But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

Failure to comply with call notice: automatic consequences

- 57.**-(1) If a person is liable to pay a call and fails to do so by the call payment date-
- (a) the directors may issue a notice of intended forfeiture to that person, and
 - (b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate.
- (2) For the purposes of this article-
- (a) the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date;
 - (b) the "relevant rate" is-
 - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
 - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
 - (iii) if no rate is fixed in either of these ways, 5 per cent per annum.
- (3) The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.
- (4) The directors may waive any obligation to pay interest on a call wholly or in part.

Notice of intended forfeiture

- 58.** A notice of intended forfeiture-
- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
 - (b) must be sent to the holder of that share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;
 - (c) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
 - (d) must state how the payment is to be made; and
 - (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

Directors' power to forfeit shares

59. If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

Effect of forfeiture

- 60.-(1) Subject to the articles, the forfeiture of a share extinguishes-
- (a) all interests in that share, and all claims and demands against the company in respect of it, and
 - (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.
- (2) Any share which is forfeited in accordance with the articles-
- (a) is deemed to have been forfeited when the directors decide that it is forfeited;
 - (b) is deemed to be the property of the company; and
 - (c) may be sold, re-allotted or otherwise disposed of as the directors think fit.
- (3) If a person's shares have been forfeited-
- (a) the company must send that person notice that forfeiture has occurred and record it in the register of members;
 - (b) that person ceases to be a member in respect of those shares;
 - (c) that person must surrender the certificate for the shares forfeited to the company for cancellation;
 - (d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
 - (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- (4) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

Procedure following forfeiture

- 61.-(1) If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.
- (2) A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date-
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.
- (3) A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- (4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which-
- (a) was, or would have become, payable, and
 - (b) had not, when that share was forfeited, been paid by that person in respect of that share,
- but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.

Surrender of shares

- 62.-(1) A member may surrender any share-
- (a) in respect of which the directors may issue a notice of intended forfeiture;
 - (b) which the directors may forfeit; or
 - (c) which has been forfeited.
- (2) The directors may accept the surrender of any such share.
- (3) The effect of surrender on a share is the same as the effect of forfeiture on that share.
- (4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

DISTRIBUTIONS

Calculation of dividends

- 71.-(1) Except as otherwise provided by the articles or the rights attached to shares, all dividends must be-
- (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and
 - (b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.
- (3) For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

Deductions from distributions in respect of sums owed to the company

- 73.-(1) If-
- (a) a share is subject to the company's lien, and
 - (b) the directors are entitled to issue a lien enforcement notice in respect of it,
- they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice.
- (2) Money so deducted must be used to pay any of the sums payable in respect of that share.
- (3) The company must notify the distribution recipient in writing of-
- (a) the fact and amount of any such deduction;
 - (b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and
 - (c) how the money deducted has been applied.