

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION OF HTS (HOUSING AND REGENERATION) LIMITED**

**COMPANY REGISTRATION NUMBER: 11499394**

Adopted by special resolution dated [ ] 2023

## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### 1 Model articles not to apply

The model articles for private companies limited by shares contained in Schedule 1 of The Companies (Model Articles) Regulations 2008 (SI 2009/3229) as amended prior to the date of adoption of these Articles shall not apply to the company. References to the “Articles” shall be to the following articles of association as amended from time to time.

#### 2 Defined terms

2.1 In these Articles, unless the context requires otherwise—

“**1989 Act**” means the Local Government and Housing Act 1989;

“**Act**” means the Companies Act 2006;

“**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;

“**business day**” means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

“**Business Plan**” means the business plan approved and adopted by the company from time to time;

“**chairman**” has the meaning given in article 14;

“**chairman of the meeting**” has the meaning given in article 41;

“**Companies Acts**” means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the company;

“**Conflict**” has the meaning given in article 17.1;

“**council**” means Harlow District Council or any successor body thereto;

“**council director**” means a director, who is either an elected member or an officer/employee of the council, who is appointed under article 21;

“**delegation matrix**” the delegation matrix document adopted and approved by the company, the council and the holding company at the date of adoption of these Articles as amended from time to time by the company (and if required with the consent of the council and/or the holding company in accordance with article 5.2);

“**director**” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“**document**” includes, unless otherwise specified, any document sent or supplied in electronic form;

“**electronic form**” has the meaning given in section 1168 of the Act;

“**eligible director**” means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter);

“**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 Act;

“**holder**” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

“**holding company**” shall mean the company which is the holder of the entire issued share capital of the company from time to time. As at the date of adoption of these Articles, the holding company is HTS Group Limited (company registration number: 09929960);

“**instrument**” means a document in hard copy form;

“**managing director**” means the managing director of the company, who is appointed under article 21;

“**non-executive director**” means a director that is not a full or part-time employee of the company or holder of an executive office, nor a council director, and is appointed in accordance with article 21;

“**Order**” means the Local Authorities (Companies) Order 1995/849;

“**ordinary resolution**” has the meaning given in section 282 of the Act;

“**paid**” means paid or credited as paid;

“**participate**”, in relation to a directors’ meeting, has the meaning given in article 12;

“**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 Act;

“**subsidiary**” has the meaning given in section 1159 of the Act; and

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

- 2.2 Unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 2.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 2.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 2.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of—
- 2.5.1 any subordinate legislation from time to time made under it, and
- 2.5.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 2.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

### **3 Liability of members**

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

### **4 Objects clause**

- 4.1 The objects of the company are as described in the Business Plan and to that end, to develop, finance and direct subsidiary and associated companies to undertake any other business activities which seem to the company to be innovative, to further these objects or to enhance the value of the company's assets, property, rights or services.
- 4.2 In pursuance of the object set out in article 4.1, the company has the power to:
- 4.2.1 buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the company;
- 4.2.2 borrow and raise money (from the council only) in such manner as the directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the company's property and assets;
- 4.2.3 invest and deal with the funds of the company not immediately required for its operations in or upon such investments, securities or property as may be thought fit;

- 4.2.4 subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
  - 4.2.5 lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan upon such terms as the company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;
  - 4.2.6 lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the directors, affect or advance the principal object in any way;
  - 4.2.7 pay all or any expenses incurred in connection with the promotion, formation and incorporation of the company and to contract with any person, firm or company to pay the same;
  - 4.2.8 enter into contracts to provide services to or on behalf of other bodies;
  - 4.2.9 provide and assist in the provision of money, materials or other help;
  - 4.2.10 open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
  - 4.2.11 incorporate subsidiary companies to carry on any trade; and
  - 4.2.12 do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the object set out in article 4.1.
- 4.3 The company is a controlled company within the meaning of Part V of the 1989 Act and the Order. The company shall operate in compliance with the Order.

## **PART 2**

### **DIRECTORS**

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

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

- 5.1 Subject to any provision of these Articles to the contrary (including but not limited to article 5.2), the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.
- 5.2 Any matters which require the consent of the council and/or the holding company pursuant to the delegation matrix from time to time shall not be carried out without the prior written consent of the council and/or the holding company (as appropriate) and each of the directors shall use their respective rights and powers to procure, so far as they are each able, that no such matter is carried out unless the required consent has been given. In particular no amendment or variation to the delegation matrix which would reduce or limit those matters which require the consent of the council and/or the holding company shall be approved by the company without the prior written consent of the council and/or the holding company (as appropriate).

## **6 Shareholders' reserve power**

- 6.1 The holding company may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 6.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

## **7 Directors may delegate**

- 7.1 Subject to the Articles (and in particular Article 5.2), the directors may delegate any of the powers which are conferred on them under the Articles—
- 7.1.1 to such person (including but not limited to any subsidiary of the company or any subsidiary of the holding company) or committee;
  - 7.1.2 by such means (including by power of attorney);
  - 7.1.3 to such an extent;
  - 7.1.4 in relation to such matters or territories; and
  - 7.1.5 on such terms and conditions,
- as they think fit, and the directors may make any rule which they think fit about how any such delegation should operate.
- 7.2 If the directors so specify, any such delegation may (subject to article 5.2) authorise further delegation of the directors' powers by any person to whom they are delegated.
- 7.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## **8 Committees**

- 8.1 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.
- 8.2 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.
- 8.3 Notwithstanding the generality of the above provisions of this article 8, the directors of the company may set up a standing:
  - 8.3.1 finance committee to monitor the finances, guide the preparation of financial proposals to the board, supervise spending, assess risks and take minor financial decisions at levels confirmed by the board;
  - 8.3.2 personnel committee to create job descriptions, set performance standards and evaluate employees, to conduct the hiring of staff, to prepare guidance for employees and to advise the Board and management on pay; or
  - 8.3.3 any other standing committee which the directors of the company deem suitable and necessary in the pursuance of the object of the company set out in article 4.1.

## **DECISION-MAKING BY DIRECTORS**

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

- 9.1 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 10.
- 9.2 If—
  - 9.2.1 the company only has one director for the time being, and
  - 9.2.2 no provision of the Articles requires it to have more than one director,

the general rule does not apply, and the director may (for so long as he/she remains the sole director) take decisions without regard to any of the provisions of the Articles relating to directors' decision-making.

### **10 Unanimous decisions**

- 10.1 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.
- 10.2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.

- 10.3 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.

## 11 Calling a directors' meeting

- 11.1 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.
- 11.2 Notice of any directors' meeting must indicate—
- 11.2.1 its proposed date and time;
  - 11.2.2 where it is to take place; and
  - 11.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 11.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 11.4 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 at any time before or 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.

## 12 Participation in directors' meetings

- 12.1 Subject to the Articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- 12.1.1 the meeting has been called and takes place in accordance with the Articles; and
  - 12.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 12.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 12.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## 13 Quorum for directors' meetings

- 13.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.



- 13.2 Subject to article 13.3, the quorum for the transaction of business at a meeting of directors shall be 3 eligible directors of which at least 2 are council directors.
- 13.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 17 to authorise a director's conflict, if there are fewer directors in office of any class other than the conflicted director(s) who would constitute a quorum, the quorum for such meeting (or part of a meeting) shall be the remaining eligible directors.
- 13.4 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—
- 13.4.1 to request that the holding company exercise its rights under article 21.2, or
- 13.4.2 to call a general meeting or circulate a written shareholder resolution so as to enable the shareholders to appoint further directors in accordance with article 21.1.1.

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

- 14.1 The directors may, acting in accordance with the Business Plan, appoint a director to chair their meetings.
- 14.2 The person so appointed for the time being is referred to in these Articles as the chairman.
- 14.3 The directors, acting in accordance with the Business Plan, may terminate the chairman's appointment as chairman at any time and appoint a replacement.
- 14.4 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.

#### **15 Casting vote**

- 15.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman shall have a casting vote.
- 15.2 Article 15.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

#### **16 Transactions or other arrangements with the company**

- 16.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he/she has declared the nature and extent of his/her interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed contract, transaction or arrangement with the company—

- 16.1.1 may be a party to, or otherwise interested in, any contract, transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;
  - 16.1.2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed contract, transaction or arrangement in which he/she is interested;
  - 16.1.3 shall be entitled to vote at a meeting of directors or of a committee of the directors, or participate in any unanimous decision, in respect of such existing or proposed contract, transaction or arrangement in which he is interested;
  - 16.1.4 may act by himself/herself or his/her firm in a professional capacity for the company (otherwise than as auditor) and he/she or his/her firm shall be entitled to remuneration for professional services as if he/she were not a director;
  - 16.1.5 may be a director or other officer of, or employed by, or a party to a contract, transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and
  - 16.1.6 shall not, save as he/she may otherwise agree, be accountable to the company for any benefit which he/she (or a person connected with him/her (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his/her duty under section 176 of the Act.
- 16.2 For the purposes of this article 16, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 16.3 Subject to article 16.4, 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.
- 16.4 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.

## 17 Directors' conflicts of interest

- 17.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an “Interested Director”) breaching his/her duty under section 175 of the Act to avoid conflicts of interest (a “Conflict”).
- 17.2 Any authorisation under this article will be effective only if—
- 17.2.1 the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
  - 17.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
  - 17.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director’s and any other interested director’s vote had not been counted.
- 17.3 Any authorisation of a Conflict under this article 17 may (whether at the time of giving the authorisation or subsequently)—
- 17.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - 17.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
  - 17.3.3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
  - 17.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - 17.3.5 provide that, where the Interested Director obtains, or has obtained (through his/her involvement in the Conflict and otherwise than through his/her position as a director of the company) information that is confidential to a third party, he/she will not be obliged to disclose that information to the company, or to use it in relation to the company’s affairs where to do so would amount to a breach of that confidence; and
  - 17.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent to which they relate to such matters.

- 17.4 Where the directors authorise a Conflict the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 17.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation of variation, in accordance with the terms of such authorisation.
- 17.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he/she derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 17.7 For the purposes of sections 175 and 180(4) of the Act and for all other purposes, it is acknowledged that a director may be or become subject to a Conflict as a result of his/her also being or having been (or being party to an agreement or arrangement or understanding or circumstances under which he/she may become) an employee, director, trustee, member, elected member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise involved with or interested in, any of the council, the company, its subsidiaries, any of its holding companies or any subsidiary of any of its holding companies (as such terms are defined in section 1159 of the Act) or any of its shareholders.
- 17.8 No director shall be in breach of the duty to avoid conflicts of interest in section 175 of the Act as a result of, and no authorisation is required in respect of, any Conflict envisaged by article 17.7 having arisen or existing in relation to him/her.

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

- 18.1 The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.
- 18.2 Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

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

Subject to the Articles, the directors may make any rule which they think fit about how they take decisions and hold meetings, and about how such rules are to be recorded or communicated to directors.

## **APPOINTMENT OF DIRECTORS**

### **20 Number of directors**

Unless otherwise determined by ordinary resolution, the number of directors shall not be less than five (5) including three (3) council directors and may comprise of a

managing director (if appointed), and non-executive director(s). No shareholding qualification for directors shall be required.

## **21 Methods of appointing directors**

21.1 Any person who is willing to act as a director, and is permitted by law and these Articles to do so, may be appointed to be a director—

21.1.1 by ordinary resolution, or

21.1.2 by a decision of the directors.

21.2 The holding company shall from time to time have the right to appoint, by notice in writing addressed to the company, and to maintain in office people as directors of the company and to remove any person appointed as a director from their position as a director and to appoint a replacement.

21.3 Any appointment or removal of a director in accordance with article 21.2 shall take immediate effect upon receipt (or deemed receipt) by the company of such notice in writing, or the production of such notice in writing at a meeting of the directors or, if later, the date (if any) specified in such notice.

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

22.1 A person shall be ineligible for appointment to the board and if already appointed shall cease to be a director as soon as—

22.1.1 that person dies;

22.1.2 that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law;

22.1.3 that person 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 person's office be vacated;

22.1.4 a bankruptcy order is made against that person;

22.1.5 a composition is made with that person's creditors generally in satisfaction of that person's debts;

22.1.6 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;

22.1.7 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;

22.1.8 that person is an employee of any shareholder in the company and ceases to be employed as such for any reason;

- 22.1.9 that person is removed by the holding company by a notice in writing to the company in accordance with article 21.2;
- 22.1.10 that person is removed by the council (being the holding company's sole shareholder) by a notice in writing to the company;
- 22.1.11 that person is removed by ordinary resolution subject to compliance with sections 168 and 169 of the Act;
- 22.1.12 that person is a council director who is an elected member of the council and they cease to be an elected member of the council for whatever reason, including being disqualified from elected membership of a local authority, or as an officer or employee of the council, their employment with the council has ceased or is subject to suspension; and/or
- 22.1.13 that person is removed from office by a resolution of or written notice signed by not less than three quarters of all the other directors from time to time;
- 22.1.14 that person is a non-executive director appointed for a specific period of office as a director of the company (the "term") and the term ends without the non-executive director having been appointed to any further term; and/or
- 22.1.15 that person is the managing director and their employment or term of office ends or is terminated for whatever reason.

## 23 Directors' remuneration

- 23.1 Directors may undertake any services for the company that the directors decide.
- 23.2 Non-executive directors and the managing director are entitled to such remuneration as the directors determine—
  - 23.2.1 for their services to the company as directors, and
  - 23.2.2 for any other service which they undertake for the company,
 provided that the level of such remuneration has been approved in writing by the holding company.
- 23.3 Subject to the Articles (an in particular Article 23.2), remuneration of non-executive director or the managing director may—
  - 23.3.1 take any form, and
  - 23.3.2 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.
- 23.4 Unless the directors decide otherwise, such remuneration accrues from day to day.

- 23.5 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 or elected members of the company's subsidiaries or of any other body corporate in which the company is interested or the holding company or the council.
- 23.6 Unless the directors decide otherwise, directors who are not a non-executive director or the managing director are not entitled to remuneration.

## **24 Directors' expenses**

- 24.1 The company may pay any reasonable expenses which a non-executive director properly incurs in connection with their attendance at:
- 24.1.1 meetings of directors or committees of directors,
  - 24.1.2 general meetings, or
  - 24.1.3 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.
- 24.2 A council director who is an officer or employee of the council is not entitled to claim any expenses from the company.
- 24.3 A council director who is an elected member of the council may only be paid such reasonable expenses as are permitted by the Order.
- 24.4 The payment of any director expenses is subject to the production of satisfactory receipts.

## **25 Secretary**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## **PART 3**

### **SHARES AND DISTRIBUTIONS**

#### **SHARES**

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

- 26.1 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.
- 26.2 This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

## **27 Allotment of shares**

- 27.1 Save to the extent authorised by these Articles, or authorised from time to time by the holding company, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.
- 27.2 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the company.

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

- 28.1 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 the holding company.
- 28.2 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.

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

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

## **30 Share certificates**

- 30.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 30.2 Every certificate must specify:
- 30.2.1 in respect of how many shares, of what class, it is issued;
  - 30.2.2 the nominal value of those shares;
  - 30.2.3 that the shares are fully paid; and
  - 30.2.4 any distinguishing numbers assigned to them.
- 30.3 No certificate may be issued in respect of shares of more than one class.
- 30.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 30.5 Certificates must:
- 30.5.1 have affixed to them the company's common seal; or
  - 30.5.2 be otherwise executed in accordance with the Companies Acts.



## **31 Replacement share certificates**

- 31.1 If a certificate issued in respect of a shareholder's shares is:
- 31.1.1 damaged or defaced; or
  - 31.1.2 said to be lost, stolen or destroyed,
- that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 31.2 A shareholder exercising the right to be issued with such a replacement certificate:
- 31.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - 31.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and
  - 31.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

## **32 Share transfers**

- 32.1 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.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The company may retain any instrument of transfer which is registered.
- 32.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.5 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.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **33 Procedure for declaring dividends**

- 33.1 The company may by ordinary resolution of the holding company declare dividends, and the directors may decide to pay interim dividends.
- 33.2 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 of the company and the board of the holding company respectively.

- 33.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 33.4 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.
- 33.5 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 arrears.
- 33.6 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.
- 33.7 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.

#### **34 Payment of dividends and other distributions**

Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by such means of payment as the directors may determine.

#### **35 No interest on distributions**

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- 35.1 the terms on which the share was issued, or
- 35.2 the provisions of another agreement between the holder of that share and the company.

#### **36 Non-cash distributions**

- 36.1 Subject to the terms of issue of the share in question, the company may, by ordinary resolution of the holding company 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).
- 36.2 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—
  - 36.2.1 fixing the value of any assets;
  - 36.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
  - 36.2.3 vesting any assets in trustees.

### 37 Waiver of distributions

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect.

## CAPITALISATION OF PROFITS

### 38 Authority to capitalise and appropriation of capitalised sums

38.1 Subject to the Articles, the directors may, if they are so authorised by an ordinary resolution of the holding company—

38.1.1 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

38.1.2 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.

38.2 Capitalised sums must be applied—

38.2.1 on behalf of the persons entitled, and

38.2.2 in the same proportions as a dividend would have been distributed to them.

38.3 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.

38.4 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.

38.5 Subject to the Articles the directors may—

38.5.1 apply capitalised sums in accordance with articles 38.3 and 38.4 partly in one way and partly in another;

38.5.2 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

38.5.3 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

##### 39 Attendance and speaking at general meetings

39.1 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.

39.2 A person is able to exercise the right to vote at a general meeting when—

39.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

39.2.2 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.

39.3 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.

##### 40 Quorum for general meetings

40.1 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.

40.2 Where the company has only one shareholder for the time being, two duly authorised representatives of the holding company as the shareholder (at least one of which shall be a council director) present at the meeting shall constitute a quorum.

##### 41 Chairing general meetings

41.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

41.2 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, the directors present must appoint a director to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

41.3 The person chairing a meeting in accordance with this article is referred to as **“the chairman of the meeting”**.

##### 42 Attendance and speaking by directors and non-shareholders

42.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

- 42.2 The chairman of the meeting may permit other persons who are not—
- 42.2.1 shareholders of the company, or
  - 42.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,
- to attend and speak at a general meeting.

### 43 **Adjournment**

- 43.1 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.
- 43.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if—
- 43.2.1 the meeting consents to an adjournment, or
  - 43.2.2 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.
- 43.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 43.4 When adjourning a general meeting, the chairman of the meeting must—
- 43.4.1 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
  - 43.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 43.5 If a general meeting is adjourned, the company must give notice of the time and place to which it is adjourned:
- 43.5.1 to the same persons to whom notice of the company's general meetings is required to be given, and
  - 43.5.2 containing the same information which such notice is required to contain.
- 43.6 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**

### 44 **Voting: general**

- 44.1 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 Act.
- 44.2 Subject to article 40.2, a shareholder which is an organisation may, by resolution of its governing body or a committee or an officer of the organisation acting under powers delegated by its governing body, authorise such person(s) as it thinks fit to act as its representative at general meetings.
- 44.3 A person authorised under article 44.2 may exercise the same powers on behalf of the organisation as the organisation could exercise if it were an individual shareholder.

#### 45 Errors and disputes

- 45.1 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.
- 45.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

#### 46 Poll votes

- 46.1 A poll on a resolution may be demanded—
  - 46.1.1 in advance of the general meeting where it is to be put to the vote, or
  - 46.1.2 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.
- 46.2 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 46.3 A demand for a poll may be withdrawn if—
  - 46.3.1 the poll has not yet been taken, and
  - 46.3.2 the chairman of the meeting consents to the withdrawal.

A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made.
- 46.4 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

#### 47 Content of proxy notices

- 47.1 Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—

- 47.1.1 states the name and address of the shareholder appointing the proxy;
- 47.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
- 47.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
- 47.1.4 is delivered to the company in accordance with the Articles and any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate

and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting.

- 47.2 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 47.3 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.
- 47.4 Unless a proxy notice indicates otherwise, it must be treated as—
  - 47.4.1 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
  - 47.4.2 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.

#### **48 Delivery of proxy notices**

- 48.1 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.
- 48.2 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.
- 48.3 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.
- 48.4 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.

#### **49 Records and shareholder resolutions**

- 49.1 The directors shall arrange for minutes to be kept of all general meetings. Minutes must be approved as a correct record at the next general meeting and signed by the person chairing the general meeting.
- 49.2 Subject to the Act, a written resolution signed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of the shareholders entitled to attend and vote at a general meeting is as valid as if it had been passed at a general meeting..
- 49.3 A resolution under article 49.2 may consist of several documents in similar form each signed by one or more shareholders.
- 49.4 A resolution under article 49.2 may be signed for a corporate body or an organisation which is a shareholder by its authorised representative, a member of its governing body or secretary, its solicitor or by an attorney.

## **50 Amendments to resolutions**

- 50.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—
  - 50.1.1 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
  - 50.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 50.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
  - 50.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - 50.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 50.3 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**

#### **51 Means of communication to be used**

- 51.1 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 Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the company.



- 51.2 Any notice, document or other information shall be deemed served on or delivered to the intended recipient—
- 51.2.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
  - 51.2.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
  - 51.2.3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
  - 51.2.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

- 51.3 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.
- 51.4 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.
- 51.5 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.

## **52 Accounts, annual report and annual return**

- 52.1 The company must comply with Part 15 of the Act in:-
- 52.1.1 preparing and filing an annual directors' report and annual accounts; and
  - 52.1.2 making an annual return to the Registrar of Companies.
- 52.2 The company must comply with Part 16 of the Act and the Order in relation to the audit or examination of accounts to the extent that the law requires.

- 52.3 The annual directors report and accounts must contain:-
- 52.3.1 the revenue accounts and balance sheet for the last accounting period;
  - 52.3.2 the auditor's report on those accounts (if applicable); and
  - 52.3.3 the directors' report on the affairs of the Company.
- 52.4 The accounting records of the company must always be open to inspection by a director.

### **53 Bank and building society accounts**

- 53.1 All bank and building society accounts must be controlled by the directors and must include the name of the company.
- 53.2 Cheques and orders for the payment of money must be signed in accordance with the directors' instructions.

### **54 Execution of documents**

- 54.1 If the company has a seal it may only be used with the authority of the directors (which may be given generally for documents of a particular type).
- 54.2 Unless the directors decide otherwise, documents to which the seal is attached or which are executed as deeds must be signed by:
- 54.2.1 two directors; or
  - 54.2.2 one director and the secretary (where appointed); or
  - 54.2.3 one director in the presence of a witness who attests the Director's signature.

### **55 Standing orders**

- 55.1 Subject to article 55.4:
- 55.1.1 the directors may from time to time adopt, alter, add to, repeal or make standing orders for the proper conduct and management of the company; and
  - 55.1.2 the shareholders may alter, add to or repeal the standing orders by ordinary resolution.
- 55.2 The directors must bring the standing orders to the notice of shareholders.
- 55.3 Standing orders are binding on all shareholders and directors.
- 55.4 No standing order may be inconsistent with or may affect or repeal anything in the Articles or the delegations matrix.

## **DIRECTORS' INDEMNITY AND INSURANCE**

## 56 Indemnity

56.1 Subject to article 49.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled—

56.1.1 each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him/her as a relevant officer—

(a) in the actual or purported execution and/or discharge of his/her duties, or in relation to them; and

(b) in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him/her in defending any civil or criminal proceedings, in which judgment is given in his/her favour or in which he/she is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his/her part or in connection with any application in which the court grants him/her, in his/her capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs; and

56.1.2 the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him/her in connection with any proceedings or application referred to in article 56.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

56.2 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.

56.3 In this article—

56.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

56.3.2 a “**relevant officer**” means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act, but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he/she is also a director or other officer), to the extent he/she acts in his/her capacity as auditor).

## 57 Insurance

57.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.

57.2 In this article—

- 57.2.1 a “**relevant officer**” means any director or other officer or former director or other officer of the company or an associated company (including any such company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act, but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he/she is also a director or other officer), to the extent he/she acts in his/her capacity as auditor),
- 57.2.2 a “**relevant loss**” means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer’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
- 57.2.3 companies are “**associated**” if one is a subsidiary of the other or both are subsidiaries of the same body corporate.