

ARTICLES OF ASSOCIATION

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
HERTFORDSHIRE CCTV PARTNERSHIP LTD

DRAFT

1	Defined terms.....	1
2	Liability of shareholders.....	2
3	Directors' general authority	2
4	Shareholders' reserve power.....	2
5	Directors may delegate.....	3
6	Committees	3
7	Directors to take decisions collectively	3
8	Unanimous decisions.....	4
9	Calling a directors' meeting	4
10	Participation in directors' meetings.....	5
11	Quorum for directors' meetings.....	5
12	Chairing of directors' meetings	5
13	Casting vote	5
14	Number of directors.....	5
15	Conflicts of interest – transactions or arrangements with the Company	6
16	Conflicts of interest requiring board authorisation.....	7
17	Directors may vote when interested.....	8
18	Records of decisions to be kept.....	8
19	Directors' discretion to make further rules	8
20	Methods of appointing directors	8
21	Termination of director's appointment.....	9
22	Directors' remuneration.....	9
23	Directors' expenses.....	9
24	Alternative Directors.....	9
25	All shares to be fully paid up	11
26	Powers to issue different classes of share.....	11
27	Company not bound by less than absolute interests.....	12
28	Share certificates	12
29	Replacement share certificates	12
30	Share transfers	13
31	Procedure for declaring dividends	14
32	Payment of dividends and other distributions.....	14
33	No interest on distributions	15
34	Unclaimed distributions	15
35	Non-cash distributions.....	15
36	Waiver of distributions	16

37 Representatives of shareholders..... 16
38 Attendance and speaking at general meetings..... 16
39 Quorum for general meetings 17
40 Chairing general meetings 17
41 Attendance and speaking by directors and non-shareholders 17
42 Adjournment 17
43 Voting: general..... 18
44 Errors and disputes 18
45 Poll votes..... 18
46 Content of proxy notices 19
47 Delivery of proxy notices 19
48 Amendments to resolutions..... 20
49 Means of communication to be used 20
50 Right to inspect accounts and other records 21
51 Indemnity..... 21
52 Insurance..... 21

DRAFT

PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

1 Defined terms

1.1 In these articles, unless the context requires otherwise—

"**articles**" means the Company's articles of association as amended from time to time;

"**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 40;

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

"**Company**" means the company regulated by these articles;

"**Conflict**" has the meaning given in article 16;

"**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 32.2;

"**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;

"**group company**" means, in relation to a company, a subsidiary undertaking or parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company, provided that the definition of "undertaking" in section 1161 of the Companies Act 2006 shall for these purposes also include any person (incorporated or unincorporated) created by statute;

"**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 shareholders as the holder of the shares;

"**instrument**" means a document in hard copy form;

"**paid**" means paid or credited as paid;

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

"**Permitted Situation**" has the meaning given in article 16;

"**proxy notice**" has the meaning given in article 46;

"**public body**" means a contracting authority as such term is defined in the Public Contracts Regulations 2006 (as may be amended from time to time);

"**relevant director**" has the meaning given in article 51;

"**services**" means CCTV services and associated services;

"**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;
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.

- 1.2 No model articles contained in any statute or subordinate legislation, including those contained in the model articles for private companies limited by shares contained in Schedule 1 of the Companies Act (Model Articles) Regulations 2008, shall apply to the Company.
- 1.3 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.
- 1.4 References to a "**person**" shall be construed so as to include any individual, firm, corporation, government, state or agency of a state or any joint venture, trust, association or partnership (whether or not having separate legal personality).

2 Liability of shareholders

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

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3 Directors' general authority

- 3.1 Subject to these articles or unless otherwise agreed between the shareholders, the directors are responsible for the management of the Company's business and all affairs of the Company, for which purpose they may exercise all the powers of the Company.

4 Shareholders' reserve power

- 4.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

- 4.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

5 Directors may delegate

- 5.1 Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles:

- 5.1.1 to such person or committee;
- 5.1.2 by such means (including by power of attorney);
- 5.1.3 to such an extent;
- 5.1.4 in relation to such matters or territories; and
- 5.1.5 on such terms and conditions;

as they decide.

- 5.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

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

6 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 these articles which govern the taking of decisions by directors.

- 6.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

7 Directors to take decisions collectively

- 7.1 Each director shall have one vote.
- 7.2 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- 7.3 If:
- 7.3.1 the Company only has one director, and
 - 7.3.2 no provision of these 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 these articles relating to directors' decision-making.

- 7.4 If only one director is eligible to vote on any authorisation required under article 16, the general rule does not apply, and the eligible director may take decisions in relation to the relevant matter without regard to any of the provisions in these articles relating to directors' decision-making.

8 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.

9 Calling a directors' meeting

- 9.1 Meetings of the directors shall take place at least twice in each year with a period of not more than 6 months between any two meetings.
- 9.2 Any director may call a directors' meeting by giving notice of the meeting to the directors.
- 9.3 Notice of any directors' meeting must indicate:
- 9.3.1 its proposed date and time;
 - 9.3.2 where it is to take place;
 - 9.3.3 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;
 - 9.3.4 an agenda specifying in reasonable detail the matters to be raised at the meeting or the committee meeting; and
 - 9.3.5 copies of any papers to be discussed at the meeting or the committee meeting.
- 9.4 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 9.5 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.

10 Participation in directors' meetings

- 10.1 Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- 10.1.1 the meeting has been called and takes place in accordance with these articles, and
 - 10.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 10.3 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.

11 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.
- 11.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must comprise of one director appointed by each shareholder in accordance with article 20.1.
- 11.3 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:
- 11.3.1 to appoint further directors, or
 - 11.3.2 to call a general meeting so as to enable the shareholders to appoint further directors.

12 Chairing of directors' meetings

- 12.1 The director appointed to chair directors' meetings of the Company in accordance with article 20.2 below shall be known as the "chairman".
- 12.2 The shareholders may acting unanimously terminate the chairman's appointment at any time, but until such time the chairman shall remain in this position until his appointment shall cease in accordance with article 20.3.

13 Casting vote

- 13.1 If the numbers of votes for and against a proposal are equal, the chairman will have a casting vote.

14 Number of directors

- 14.1 Unless otherwise unanimously determined by the shareholders, the number of directors shall not be subject to any maximum but shall not be less than four (4).

15 Conflicts of interest – transactions or arrangements with the Company

- 15.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.
- 15.2 Provided that he has disclosed to the directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act, a director notwithstanding his office:
- 15.2.1 may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;
 - 15.2.2 may be a director or other officer of, employed by, a party to any contract with or otherwise interested in any group company or in any body corporate promoted by the Company or any group company or in which the Company or any group company is interested; and
 - 15.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).
- 15.3 For the purposes of this article 15:
- 15.3.1 a director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of any group company (including a local authority); and
 - 15.3.2 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such contract of the nature and extent so specified.
- 15.4 Where a director is a director or other officer of, or employed by, a group company (including a local authority), he:
- 15.4.1 may in exercising his independent judgment take into account the success of other group companies (including local authorities) as well as the success of the Company; and
 - 15.4.2 shall in the exercise of his duties, where that other group company is a parent company (including a local authority), have a duty of confidentiality to the parent company (including a local authority) in relation to confidential information of the parent company (including a local authority), but he shall not be restricted by any duty of confidentiality to the company from providing information to any parent company (including a local authority).

16 Conflicts of interest requiring board authorisation

- 16.1 The directors may, subject to the quorum and voting requirements set out in these articles, authorise any matter which would otherwise involve a director ("relevant director") breaching his duty under the Companies Act to avoid conflicts of interest (a "Conflict").
- 16.2 Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and decided upon by the directors under the provisions of these articles save that the relevant director shall not count towards the quorum nor vote on any resolution giving such authority and save further that if there are insufficient directors eligible to vote and therefore to form a quorum, article 16.3 will apply.
- 16.3 Where the directors give authority in relation to a Conflict:
- 16.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- 16.3.2 the directors may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority.
- 16.4 A Conflict in relation to a director arising solely as a result of him being a director, officer or employee of any group company (including a local authority) shall be deemed to have been authorised for the purposes of this article 16 and section 175 of the Companies Act 2006.
- 16.5 Where article 16.4 above applies or the directors otherwise give authority in relation to a Conflict, or where any of the situations referred to in article 15 (a "Permitted Situation") applies:
- 16.5.1 the directors may (whether at the relevant time or subsequently) (i) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the directors or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the relevant director such other terms for the purpose of dealing with the Conflict as they may determine;
- 16.5.2 the relevant director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict or Permitted Situation; and
- 16.5.3 the directors may provide that where the relevant director obtains (otherwise than through his position as a director of the Company) information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.

16.6 A director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a director having any such interest.

17 Directors may vote when interested

17.1 Subject where applicable to disclosure in accordance with the Companies Act or these articles and subject to any terms imposed by the directors in relation to any Conflict or Permitted Situation, a director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.

17.2 Subject to article 17.3 below, 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.

17.3 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.

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.

19 Directors' discretion to make further rules

19.1 Subject to these articles, the directors may make any rule about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

20 Methods of appointing directors

20.1 Each shareholder has the right to appoint two (2) persons who are willing to act as a director, and are permitted by law to do so, to be a director ("**Shareholder Director**") so that at all times each shareholder may have two (2) appointed Shareholder Directors.

20.2 Each year at a general meeting of the Company, the shareholders shall unanimously appoint one Shareholder Director to be the chairman of the board of directors.

- 20.3 A chairman appointed under article 20.2 shall hold office for twelve (12) months only and on the expiration of twelve (12) months from the date of his appointment, shall retire from such appointment and shall be replaced by another Shareholder Director appointed in accordance with article 20.2, such that each Shareholder Director is appointed as chairman on an annual rotational basis.

21 Termination of director's appointment

- 21.1 A person ceases to be a director as soon as:

21.1.1 the shareholder who appointed the director notifies the Company that the individual is to be removed as a director, such removal shall take effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date;

21.1.2 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;

21.1.3 a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

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

21.1.5 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; or

21.1.6 the shareholder who appointed the director ceases to be a shareholder of the Company.

- 21.2 If a shareholder removes a director appointed by it under article 20.1, that shareholder shall indemnify and keep indemnified the Company against any claim connected with the director's removal from office.

22 Directors' remuneration

- 22.1 Directors may undertake any services for the Company that the directors decide but shall not receive remuneration for such services.

22.2 Unless the directors decide otherwise, directors are 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.

23 Directors' expenses

- 23.1 Any expenses incurred by a director and to be paid by the Company to that director shall be determined by the shareholders.

24 Alternative Directors

24.1 Appointment and removal of Alternate Directors

24.1.1 Any director may appoint as an alternate any other director, or any other person, to:

24.1.1.1 exercise that director's powers; and

24.1.1.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

24.1.2 Any appointment or removal of an alternate must identify the proposed alternate and be effected by notice in writing to the Company signed by his appointor, or in any other manner approved by the directors.

24.2 Rights and responsibilities of Alternate Directors

24.2.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

24.2.2 Except as these articles specify otherwise, alternate directors:

24.2.2.1 are deemed for all purposes to be directors;

24.2.2.2 are liable for their own acts and omissions;

24.2.2.3 are subject to the same restrictions as their appointors; and

24.2.2.4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

24.2.3 A person who is an alternate director but not a director:

24.2.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

24.2.3.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and

24.2.3.3 shall not be counted as more than one director for the purposes of articles 24.2.3.1 and 24.2.3.2.

24.2.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision),

but shall not count as more than one director for the purposes of determining whether a quorum is present.

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

24.3 Termination of alternate directorship

An alternate director's appointment as an alternate terminates

- 24.3.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 24.3.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- 24.3.3 on the death of the alternate's appointor;
- 24.3.4 when the alternate's appointor's appointment as a director terminates; or
- 24.3.5 when the alternate is removed in accordance with these articles.

PART 3
SHARES AND DISTRIBUTIONS
SHARES

25 All shares to be fully paid up

- 25.1 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.
- 25.2 The Company may only issues shares after obtaining the prior unanimous consent of all shareholders and where such shares are issued to a prospective shareholder, after such prospective shareholder has signed a deed of adherence on terms required by the shareholders.
- 25.3 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

26 Powers to issue different classes of share

- 26.1 Subject to these 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 unanimous consent of the shareholders.

- 26.2 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.

27 Company not bound by less than absolute interests

- 27.1 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 these 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.

28 Share certificates

- 28.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 28.2 Every certificate must specify:
- 28.2.1 in respect of how many shares, of what class, it is issued;
 - 28.2.2 the nominal value of those shares;
 - 28.2.3 that the shares are fully paid; and
 - 28.2.4 any distinguishing numbers assigned to them.
- 28.3 No certificate may be issued in respect of shares of more than one class.
- 28.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 28.5 Certificates must be executed in accordance with the Companies Act.

29 Replacement share certificates

- 29.1 If a certificate issued in respect of a shareholder's shares is:
- 29.1.1 damaged or defaced, or
 - 29.1.2 said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 29.2 A shareholder exercising the right to be issued with such a replacement certificate:
- 29.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - 29.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
 - 29.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

30 Share transfers

- 30.1 No shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share in the capital of the Company unless:
- 30.1.1 the shareholder transferring the shares has obtained the prior unanimous written consent of all other shareholders;
 - 30.1.2 the shareholder transferring the shares is transferring all its shares in the Company;
 - 30.1.3 if the transferor is not a shareholder of the Company, the transferor signs a deed of adherence prior to such transfer, on terms required by the other shareholders.
- 30.2 In the event that a shareholder proposes to transfer its shares in the Company to a prospective shareholder the transferring shareholder shall:
- 30.2.1 notify the Company 6 months prior to such proposed transfer date;
 - 30.2.2 use its reasonable endeavours to procure that any rights and obligations of the shareholder in relation to the providing of services to the Company are transferred to the remaining shareholders as agreed unanimously by the remaining shareholders;
 - 30.2.3 execute and deliver a stock transfer form to transfer such shares.
- 30.3 In the event that a shareholder wishes to cease being a shareholder and such shareholder is not transferring his shares to a prospective shareholder, the transferring shareholder shall:
- 30.3.1 notify the Company 6 months prior to the proposed date on which he will cease to be a shareholder;
 - 30.3.2 use its reasonable endeavours to procure that any rights and obligations of the shareholder in relation to the providing of services to the Company are transferred to the remaining shareholders as agreed unanimously by the remaining shareholders;
 - 30.3.3 execute and deliver a stock transfer form to transfer all shares it holds in the Company to one of the continuing shareholders, as nominated to the shareholder by the Company at the price of £1 per share.
- 30.4 Upon a shareholder transferring its shares in accordance with articles 30.2.3 or 30.3.3, the Company shall issue such number of new shares to the shareholders as is necessary to ensure that each shareholder holds a percentage of shares and voting rights in the Company in proportion to the actual number of CCTV cameras each shareholder is providing for business use by the Company.
- 30.5 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.

- 30.6 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 30.7 The Company may retain any instrument of transfer which is registered.
- 30.8 The transferor remains the holder of a share until the transferee's name is entered in the register of shareholders as holder of it.

DIVIDENDS AND OTHER DISTRIBUTIONS

31 Procedure for declaring dividends

- 31.1 The Company may declare final dividends providing such dividends are declared in accordance with the current business plan of the Company, and the directors may decide to pay interim dividends.
- 31.2 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.
- 31.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 31.4 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.
- 31.5 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.
- 31.6 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.
- 31.7 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.

32 Payment of dividends and other distributions

- 32.1 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:
 - 32.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - 32.1.2 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;

32.1.3 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

32.1.4 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.

32.2 In these articles, the "**distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable:

32.2.1 the holder of the share; or

32.2.2 if the holder is no longer entitled to the share by reason of bankruptcy, or otherwise by operation of law, the transmittee.

33 **No interest on distributions**

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

33.1.1 the terms on which the share was issued, or

33.1.2 the provisions of another agreement between the holder of that share and the Company.

34 **Unclaimed distributions**

34.1 All dividends or other sums which are:

34.1.1 payable in respect of shares, and

34.1.2 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.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

34.3 If:

34.3.1 twelve (12) years have passed from the date on which a dividend or other sum became due for payment, and

34.3.2 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.

35 **Non-cash distributions**

- 35.1 The Company must not pay any dividend or other distribution payable in respect of a share by the transfer of a non-cash asset.

36 Waiver of distributions

- 36.1 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.

PART 4

**DECISION-MAKING BY SHAREHOLDERS
ORGANISATION OF GENERAL MEETINGS**

37 Representatives of shareholders

- 37.1 A public body who is a shareholder may be represented at any general meeting of the Company by any authorised councillor or officer for the time being of the public body as notified by the public body in question to the Company in writing in advance of such individual attending as a representative (a "**Representative**").

- 37.2 A Representative shall be deemed to have full authority to act on behalf of an authority in relation to any discussion or vote at a general meeting.

38 Attendance and speaking at general meetings

- 38.1 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.

- 38.2 A person is able to exercise the right to vote at a general meeting when:

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

38.2.2 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.

- 38.3 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.

- 38.4 In determining attendance at a general meeting, it is immaterial whether any two or more shareholders attending it are in the same place as each other.

- 38.5 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.

39 Quorum for general meetings

39.1 No business other than the appointment of a chairman of the meeting in accordance with article 20.2 is to be transacted at a general meeting unless one Representative of each shareholder is present.

40 Chairing general meetings

40.1 The chairman of the board appointed in accordance with article 20.2 shall chair general meetings if present and willing to do so.

40.2 The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

40.3 For the avoidance of doubt the chairman of the meeting shall not have a vote on shareholder decisions.

41 Attendance and speaking by directors and non-shareholders

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

41.2 The chairman of the meeting may permit other persons who are not:

41.2.1 shareholders of the Company, or

41.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

42 Adjournment

42.1 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.

42.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

42.2.1 the meeting consents to an adjournment, or

42.2.2 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.

42.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

42.4 When adjourning a general meeting, the chairman of the meeting must:

- 42.4.1 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
- 42.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 42.5 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):
 - 42.5.1 to the same persons to whom notice of the Company's general meetings is required to be given, and
 - 42.5.2 containing the same information which such notice is required to contain.
- 42.6 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

43 Voting: general

- 43.1 Unless otherwise agreed between the shareholders, all decisions of the shareholders shall be made by special resolution.
- 43.2 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 these articles.

44 Errors and disputes

- 44.1 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.
- 44.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

45 Poll votes

- 45.1 A poll on a resolution may be demanded:
 - 45.1.1 in advance of the general meeting where it is to be put to the vote, or
 - 45.1.2 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.
- 45.2 A poll may be demanded by:
 - 45.2.1 the chairman of the meeting;

- 45.2.2 the directors;
 - 45.2.3 two or more persons having the right to vote on the resolution; or
 - 45.2.4 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.
- 45.3 A demand for a poll may be withdrawn if:
- 45.3.1 the poll has not yet been taken, and
 - 45.3.2 the chairman of the meeting consents to the withdrawal.
- 45.4 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

46 Content of proxy notices

- 46.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:
- 46.1.1 states the name and address of the shareholder appointing the proxy;
 - 46.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
 - 46.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - 46.1.4 is delivered to the Company in accordance with these articles and any instructions contained in the notice of the general meeting to which they relate.
- 46.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 46.3 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.
- 46.4 Unless a proxy notice indicates otherwise, it must be treated as:
- 46.4.1 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
 - 46.4.2 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.

47 Delivery of proxy notices

- 47.1 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.
- 47.2 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.
- 47.3 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.
- 47.4 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.

48 Amendments to resolutions

- 48.1 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 48.1.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- 48.1.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 48.2 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

49 Means of communication to be used

- 49.1 Subject to these articles, anything sent or supplied by or to the Company under these 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.
- 49.2 Subject to these 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.
- 49.3 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.

50 Right to inspect accounts and other records

- 50.1 Each shareholder and its authorised representatives (including internal and external auditors and other inspection bodies) may at any time by notice in writing to the Company request access to any accounting or other records or information of the Company. The Company shall comply with any request for access so received as soon as reasonably practicable following receipt of such notice, including providing copies of any records or information where the same have been so requested.

DIRECTORS' INDEMNITY AND INSURANCE

51 Indemnity

- 51.1 Subject to article 51.2, a relevant director of the Company or an associated company may be indemnified out of the Company's assets against:
- 51.1.1 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;
 - 51.1.2 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);
 - 51.1.3 any other liability incurred by that director as an officer of the Company or an associated company.
- 51.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law.
- 51.3 In this article:
- 51.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
 - 51.3.2 a "**relevant director**" means any director or former director of the Company or an associated company.

52 Insurance

- 52.1 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.
- 52.2 In this article:
- 52.2.1 a "**relevant director**" means any director or former director of the Company or an associated company;
 - 52.2.2 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

52.2.3

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

DRAFT

