

Company Number: 104194

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM
AND
ARTICLES OF ASSOCIATION
of

THE WATFORD ASSOCIATION FOOTBALL
CLUB LIMITED

RE-SCAN



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Company Number: 104194

MEMORANDUM OF ASSOCIATION

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WATFORD ASSOCIATION FOOTBALL CLUB LIMITED

1. The name of the Company is **The Watford Association Football Club Limited**.
2. The Registered office of the Company will be situate in England.
3. The objects for which the Company is established are:-
 - (a) to acquire and take over the contracts, assets and liabilities of the unregistered association known as **The Watford Association Football Club Limited**, and to maintain the existing Watford Association Football Team and the position of the said Club in the Southern League and the South Eastern League, and with a view thereto, to enter into and carry into effect (either with or without modification) an Agreement which has been already prepared and engrossed, and is expressed to be made between Lewis Evans, Ralph Alfred Thorpe, Walter Pearkes and George Benjamin Dodwell of the one part and the abovenamed Company of the other part, a copy whereof has, for the purposes of identification, been signed by three of the Subscribers hereto;
 - (b) to establish, engage and maintain Teams of Football and other Players, whether composed of amateurs or professionals or partly of amateur and partly of professional players;
 - (c) to promote the practice and play of Football and other athletic games, sports and pastimes of every description;
 - (d) to arrange, hold and conduct Football and other Matches and athletic sports of every description;
 - (e) to buy, hire, or otherwise acquire all articles, implements, fixtures, furniture, apparatus and things used or required in the playing or practice of such games, sports, or pastimes, and to sell, let on hire, exchange, or otherwise dispose of the same;
 - (f) to receive subscriptions and donations and apply the same in furtherance of all or any of the objects of the Company;
 - (g) to become a member of and subscribe to the Football Association Limited, the Southern Football League, the South Eastern League or any other association, league or combination having objects altogether or in part similar to those of the Company and to co-operate and join with any person or persons, club, company or association having the same or similar objects in any manner and for any purposes which may be thought advisable;
 - (h) to revise, amend, establish or alter the rules of the said games, sports or pastimes and to join or subscribe to any union or association for the like objects;
 - (i) to purchase or by other means acquire any freehold, leasehold or other property for any estate or interest whatever and any rights, privileges or easements over or in respect of

any property and any real or personal property or rights whatsoever which may be necessary or convenient for carrying out the objects of the Company;

- (j) to build, construct, maintain, alter, enlarge, pull down and remove or replace any buildings, pavilions, stands or offices or to join with any person, firm, or company in doing any of the things aforesaid, and to manage and control the same, or join with others in so doing;
- (k) to invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined;
- (l) to borrow or raise money in such manner as the Company shall think fit and in particular by the issue of Debentures or Debenture Stock, perpetual or otherwise and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled Capital and also by a similar mortgage, charge, lien to secure and guarantee the performance by the Company of any obligation or liability it may undertake;
- (m) to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments;
- (n) to subscribe for, take, purchase or otherwise acquire and hold shares or other interest in or securities of any other company having objects altogether or in part similar to those of the Company;
- (o) to pay all or any expenses incurred in connection with the formation, promotion and incorporation of the Company;
- (p) to support and subscribe to any charitable or public object and any institution, society or club which may be for the benefit of the Company or its employees or may be connected with the town of Watford; to give pensions, gratuities or charitable aid to any person or persons who may have served the Company or to the wives, children or other relatives of such persons; to effect insurance against accidents and other risks; and to form and contribute to provident and benefit funds for the benefit of any persons employed by the Company;
- (q) to pay Dividends to the Members upon the amount paid or credited as paid up on the Shares held by them, provided that such Dividends shall not exceed the maximum Dividend which may from time to time be allowed by the Football Association Limited;
- (r) to do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them.

4. The Liability of the Members is limited.

5. The authorised share capital of the Company at the date of the adoption of these Articles is £1,250,000 divided into 1,250,000 ordinary shares of £1 each. The Company has power from time to time to increase or reduce its Capital and to issue any Shares in the original or increased Capital as Preference Shares entitling the holders thereof to a Cumulative Preferential Dividend

not exceeding five per cent per annum for a period not exceeding three years but the Company shall not issue more Preference Shares than its subscribed Ordinary Shares.¹

¹ The authorised share capital of the Company was increased by an ordinary resolution of the shareholders, dated 26th June 1952, from £2,500 divided into 2500 shares of £1 each to £27,500 by the creation of 25,000 shares of £1 each. By an ordinary resolution of the shareholders dated 29th October 1981, the authorised share capital of the Company was increased from £27,500 divided into 27,500 shares of £1 each to £60,000 by the creation of 32,500 shares of £1 each. By an ordinary resolution of the shareholders dated 21st May 1985, the authorised share capital of the Company was increased from £60,000 divided into 60,000 shares of £1 each to £1,250,000 by the creation of 1,190,000 shares of £1 each.

Company Number: 104194

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

THE WATFORD ASSOCIATION FOOTBALL CLUB LIMITED

(Adopted by special resolution on 28 January 1999 and amended by
special resolution on 12 December 2002 and on 9 March 2004)

1 PRELIMINARY AND INTERPRETATION

- 1.1 The regulations contained in Table A (**Table A**) in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended) shall apply to the Company except that regulations 1, 3, 24, 35, 38, 41, 44, 53, 60, 61, 62, 65 to 69 (inclusive), 72 to 77 (inclusive), 79, 80, 81, 89, 93, 94, 108, 111, 112, and 115 are excluded and regulations 31, 40, 56, 78, 88 and 118 shall apply (as varied by these Articles).

- 1.2 In these Articles and in the regulations of Table A that apply to the Company:

the **Act** means the Companies Act 1985 as amended, consolidated or re-enacted from time to time;

Articles means these articles of association as amended from time to time;

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for business in London;

clear days means in relation to a period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

Committee means a committee of one or more of the Directors and/or any person or persons who may be co-opted by the Board, to which the Board shall have delegated all or any of its powers, authorities or discretions in accordance with Sub-Article 15.5;

Director means a director from time to time of the Company;

executed includes any mode of execution;

holder means in relation to a share, the member whose name is entered in the register of members as the holder of that share;

office means the registered office of the Company from time to time;

person with mental disorder means a person who is, or may be, suffering from mental disorder and either:

- (a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, and application for admission under the Mental Health (Scotland) Act 1960; or
- (b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs;

seal means the common seal of the Company;

secretary means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary.

United Kingdom means Great Britain and Northern Ireland.

1.3 In these Articles, unless the context otherwise requires:

1.3.1 references to persons include references to natural persons and corporations;

1.3.2 words and expressions defined in the Act shall bear the same meanings in these Articles and in the regulations of Table A that apply to the Company (but excluding any statutory modification of the Act not in force when these regulations became binding on the Company and words and expressions expressly defined in these Articles).

1.4 In these Articles:

1.4.1 the headings are included for the convenience only and do not affect the construction of these Articles;

1.4.2 words denoting the singular include the plural and vice versa; and

1.4.3 words denoting one gender include any other gender.

1.5 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose and, where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose;

1.6 The Rules and Regulations of The Football Association Limited for the time being shall be deemed to be incorporated herewith and shall prevail in the event of any conflict with the provisions set out herein;

1.7 No proposed alteration to the provisions set out herein shall be effected unless the proposed alteration has been approved in writing by The Football Association 14 days or more before the day on which the alteration is proposed to take place.

2 PRIVATE COMPANY

The Company is a private company within the meaning of section 1 of the Act and accordingly no shares in or debentures of the Company shall be offered to the public (whether for cash or otherwise) and the Company shall not allot or agree to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of those shares or debentures being offered for sale to the public.

3 SHARE CAPITAL

- 3.1 The authorised share capital of the Company at the date of the adoption of these Articles is £1,250,000 divided into 1,250,000 ordinary shares of £1 each;¹
- 3.2 Subject to the provisions of the Act and without prejudice to Article 3.3 the Company may:
- 3.2.1 issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder on such terms and in such manner as may be provided by the Articles;
- 3.2.2 purchase its own shares (including any redeemable shares) or enter into such agreement (contingent or otherwise) in relation to the purchase of its own shares on such terms and in such manner as may be approved by such resolution as is required by the Act; and
- 3.2.3 to the extent permitted by section 171 of the Act, make a payment in respect of the redemption or purchase of any of its shares (including any redeemable shares) otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.
- 3.3 The Directors (for the purposes of section 80 of the Act) are generally and unconditionally authorised to allot or grant rights to subscribe for, or to convert any security into, any unissued shares to such persons, on such terms and in such manner as they think fit, but subject to any agreement binding on the Company. The authority contained in this Article shall, unless revoked or varied in accordance with section 80 of the Act:
- 3.3.1 be limited to a maximum nominal amount of shares equal to the authorised but unissued shares capital of the Company at the date of adoption of these Articles; and
- 3.3.2 expire on the fifth anniversary of the date of adoption of these Articles but without prejudice to any offer or agreement made before that anniversary which would or might require the exercise by the Directors after such anniversary of their powers in pursuance of this authority.
- 3.4 In exercising their authority under Article 3.3 the Directors shall not be required to have regard to sections 89(1) and 90(1) to (6) (inclusive) of the Act which sections shall be excluded from applying to the Company.
- 3.5 No share shall be subdivided. The Company shall not make any bonus issue without the written consent of the Council of the Football Association.

¹ The authorised share capital of the Company was increased by an ordinary resolution of the shareholders, dated 26th June 1952, from £2,500 divided into 2500 shares of £1 each to £27,500 by the creation of 25,000 shares of £1 each. By an ordinary resolution of the shareholders dated 29th October 1981, the authorised share capital of the Company was increased from £27,500 divided into 27,500 shares of £1 each to £60,000 by the creation of 32,500 shares of £1 each. By an ordinary resolution of the shareholders dated 21st May 1985, the authorised share capital of the Company was increased from £60,000 divided into 60,000 shares of £1 each to £1,250,000 by the creation of 1,190,000 shares of £1 each.

4 TRANSFER AND TRANSMISSION OF SHARES

- 4.1 The Directors may, in their absolute discretion and without assigning any reason, decline to register any transfer of any share, whether or not it is a fully paid share. The Directors may also refuse to register a transfer unless:
- 4.1.1 it is lodged at the office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
 - 4.1.2 it is in respect of only one class of shares; and
 - 4.1.3 *it is in favour of not more than four transferees.*
- 4.2 If at any time under the provision of these Articles a member or any other person entitled to be registered in respect of a share or shares of the Company (hereinafter referred to as the **proposing transferor**) shall desire to transfer or otherwise dispose of any shares in the capital of the Company registered in his name or any interest therein (**sale shares**) he shall give notice in writing (herein after called the **transfer notice**) to the Company that he desires to transfer the same and specifying the price per share which in his opinion constitutes the fair value thereof. The transfer notice shall constitute the Company the agent of the proposing transferor for the sale of all (but not some of) the sale shares to The Watford Association Football Club (Holdings) Limited (herein after called the **holding company**) at the price specified therein or at the fair value certified in accordance with Article 4.2.2 below (which ever shall be the lower). The transfer notice shall not be revocable except with the sanction of the Directors.
- 4.2.1 The sale shares shall be offered to the holding company. Such offer shall be made by notice in writing (hereinafter called the **offer notice**) within 7 days after the receipt by the Company of the transfer notice. The offer notice shall state the price per share specified in the transfer notice, shall limit the time in which the offer may be accepted, not being less than 21 days nor more than 42 days after the date of the offer notice, provided that if a certificate of fair value is requested under Article 4.2.2 below the offer shall remain open for a period of 14 days after the date on which notice of the fair value certified in accordance with that Article shall have been given by the Company to the holding company or until the expiry of the period specified in the offer notice whichever is the latter (**offer period**). For the purpose of this Article any offer shall be deemed to be accepted on the day on which acceptance is received by the Company.
- 4.2.2 The holding company may, not later than 8 days after the date of the offer notice, serve on the Company a notice in writing requesting that the Auditor for the time being of the Company or, at the discretion of the Auditor, a person nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales, certify in writing the sum which in his opinion represents the fair value of the sale shares as at the date of the transfer notice and for the purpose of this Article reference to the Auditor shall include any persons so nominated. Upon receipt of such notice the Company shall instruct the Auditor to certify as aforesaid and the cost of such valuation shall be apportioned among the proposing transferor and the holding company or borne by any one or more of them as the Auditor in his absolute discretion shall decide. In certifying the fair value of the sale shares the Auditor shall be considered to be acting as an expert and not as an arbitrator or arbitor and the Arbitration Act 1996 shall not apply. Upon receipt of the certificate of the Auditor the Company shall by notice in writing inform the proposing transferor and the holding company of the fair value of each sale share and of the price per share (being the lower of the price specified in the transfer notice and the fair value of each share) at which the sale shares have been offered for sale. For

the purpose of this Article the fair value of each share shall be the sum certified as aforesaid divided by the number of sale shares.

- 4.2.3 If the holding company indicates prior to the expiry of the offer period, that it wishes to acquire all the sale shares, the Company shall not later than seven days after the expiry of the offer period give notice in writing (hereinafter called the **sale notice**) to the proposing transferor specifying the holding company and the proposing transferor shall be bound upon payment of the price due in respect of all the shares to transfer the sale shares to the holding company.
- 4.2.4 If in any case the proposing transferor after having become bound as aforesaid make default in transferring any sale shares the Company may receive the purchase money on his behalf and may authorise any person to execute a transfer of the sale shares in favour of the holding company. The receipt of the Company for the purchase money shall be a good discharge to the holding company. The Company shall pay the purchase money into a separate bank account.
- 4.2.5 If the Company shall not give a sale notice to the proposing transferor within the time specified in Article 4.2.3 above, the proposing transferor shall, during the period of sixty days next following the expiry of the offer period, be at liberty to transfer all (but not some only) of the sale shares to any person or persons at a price not less than the price specified in the transfer notice or, if less, the fair value certified in accordance with Article 4.2.2.
- 4.3 No share shall be transferred to any infant, bankrupt or any person with mental disorder.
- 4.4 The Directors may at anytime give notice requiring a person becoming entitled to a share in consequence of the death or bankruptcy of a member to elect either to become the holder of the share or to have some person nominated by him registered as the transferee and if the notice is not complied with within 90 days the Directors may after such time withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.
- 4.5 Regulation 31 shall be modified accordingly.

5 ACCOUNTS

- 5.1 The Directors shall cause accounting records to be kept which are sufficient to show and explain the Company's transactions and are such to:
 - 5.1.1 disclose with reasonable accuracy, at any time, the financial position of the Company at that time; and
 - 5.1.2 enable the Directors to ensure that any balance sheet and profit and loss account prepared under this Article comply with the requirements of the Act.
- 5.2 The accounting records shall in particular contain:
 - 5.2.1 entries from day to day of all sums of money received and expended by the Company, and the matters in respect of which the receipt and expenditure takes place; and
 - 5.2.2 a record of the assets and liabilities of the Company.
- 5.3 The Company's accounting records shall be kept at its registered office or such other place as the Directors think fit, and shall at all times be open for inspection by the Company's officers.

- 5.4 All accounting records which the Company is required by Section 221 of the Act to keep shall be preserved by it for a period of six years from the conclusion of the accounting year to which they relate.
- 5.5 Any material errors or omissions in the aforesaid accounting records must be reported by the Directors to The Football Association.
- 5.6 A copy of every balance sheet (including every document required by the provisions of the Act to be annexed thereto shall on demand be forwarded to The Football Association.

6 COMPULSORY RETIREMENT

- 6.1 If any notice sent by the Company to a member (which expression in this Article shall include any person entitled to his share in consequence of the death or bankruptcy of a member) in a pre-paid envelope addressed to such member at his registered address is returned to the Company by the post office undelivered, the Company may on the expiration of 14 days and within one calendar month send to such member by registered letter post at such registered address a notice requiring such member forthwith to notify the Company of the address to which notices are to be sent in future, and if the said notice sent by registered post is also returned to the Company undelivered or if such member shall for the space of 14 days fail to comply with the last mentioned notice the Company shall have power to sell the shares of such member (at fair value thereof as certified by the Auditor of the Company) to such person as may be nominated by the Directors and the Company may receive the purchase money on behalf of the said member and may authorise any person to execute a transfer of the shares in favour of the purchaser, who shall thereupon be registered as the holder of the shares. The receipt of the Company for the purchase money shall be a good discharge to the purchaser, and after his name has been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.
- 6.2 Upon the sale of any share in pursuance of Article 6.1, the purchase money received by the Company shall be held by it on trust for the person entitled thereto, and until claimed may be invested or otherwise made use of for the benefit of the Company, and any money remaining unclaimed for a period of 6 years after having been received by the Company may be forfeited for the benefit of the Company, but the Company may, if it shall think fit, at any time annul the forfeiture of such money or any part thereof.

7 GENERAL MEETINGS

- 7.1 An annual general meeting and an extraordinary general meeting called for the passing of a special or elective resolution shall be called by at least 21 clear days' notice. All other extraordinary general meetings shall be called by at least 14 clear days' notice but a general meeting may be called by shorter notice if so agreed
- 7.1.1 in the case of an annual general meeting, by all members entitled to attend and vote at the meeting; and
- 7.1.2 in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.
- 7.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

- 7.3 Subject to the provision of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the Directors and auditors of the Company.
- 7.4 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote at the meeting.
- 7.5 If the Company only has one member, then such member, present in person or by proxy, or if a corporate member, by duly authorised representative, shall be a quorum.
- 7.6 If within half an hour of the time appointed for the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting:
- 7.6.1 if convened upon the requisition of members, shall be dissolved; or
- 7.6.2 if convened otherwise than upon the requisition of members, shall stand adjourned until the same day in the next week at the same time and place or such other day, time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present or ceases to be present then the member or members present shall be a quorum.
- 7.7 A Director shall, notwithstanding that he is not a member, be entitled to receive notices of and attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 7.8 If the Company only has one member and such member takes any decision which may be taken by the Company in general meeting and which has effect as if agreed by the Company in general meeting, then such member shall (unless that decision is taken by written resolution) provide the Company with a written record of that decision.
- 7.9 A resolution in writing executed by all the members of the Company entitled to receive notice of and to attend and vote at a general meeting or by their duly appointed proxies or attorneys:
- 7.9.1 shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held; and
- 7.9.2 any such resolution in writing may be contained in one document or in several documents in the same terms each executed by one or more of the members or their proxies or attorneys and execution in the case of a corporate body which is a member shall be sufficient if made by a director of such corporate body or by its duly authorised representative.

8 VOTES OF MEMBERS

- 8.1 An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor (or, if a corporation, under the hand of a duly authorised officer of the corporation) and shall be in such form as the Directors may determine or, failing such determination, in any usual form.
- 8.2 The appointment of a proxy shall not be valid and the proxy named in the instrument shall not be entitled to vote at the meeting unless the instrument appointing the proxy, together with any authority under which it is executed or copy of such authority certified notarially or in some other way approved by the Directors:
- 8.2.1 is deposited at the office (or such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in

relation to the meeting) not later than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

- 8.2.2 in the case of a poll taken more than 48 hours after it is demanded, is deposited as specified in Article 8.2.1 after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- 8.2.3 where the poll is not taken forthwith but is taken not more than 48 hours after it is demanded, is delivered to the chairman or to the secretary or to any Director at the meeting at which the poll is demanded.

9 DIRECTORS

- 9.1 The number of the Directors shall be determined by the Company in general meeting but unless and until so determined there shall be no maximum number of Directors and the minimum number of Directors shall be one.
- 9.2 Except as permitted from time to time by the Rules of The Football Association Premier League, the Rules of The Football League Limited and *Article 8.3*, a Director shall not be entitled to receive any remuneration in respect of his office as a Director or as an employee of the Company, or of any subsidiary thereof.
- 9.3 A Director may receive remuneration in consideration of his appointment as a Director provided that:
 - 9.3.1 the Company is a full or associate member of The Football Association;
 - 9.3.2 the terms of such appointment are notified to and approved by The Football Association and the League of which the Company's first is a member; and
 - 9.3.3 that such appointment is on a full time basis.
- 9.4 Regulation 82 shall be modified accordingly.

10 ALTERNATE DIRECTORS

- 10.1 Any Director may at any time by notice in writing deposited at the office, or delivered at a meeting of the Directors, appoint any person (including another Director) to be his alternate director and may in like manner at any time terminate such appointment. Such appointment, unless of another Director or previously approved by the Directors, shall have effect only upon and subject to being so approved.
- 10.2 The appointment of an alternate director shall determine on the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointor ceases to be a Director.
- 10.3 An alternate director shall (except when absent from the United Kingdom) be entitled to receive notices of meetings of Directors and of all meetings of committees of Directors of which his appointor is a member and shall be entitled to attend, speak and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provision of these Articles shall apply as if he (instead of his appointor) were a Director.

- 10.4 If an alternate Director shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative.
- 10.5 If his appointor is for the time being absent from the United Kingdom or temporarily unable to act through ill health or disability, the execution by an alternate director of any resolution in writing of the Directors shall be as effected as the execution by his appointor.
- 10.6 An alternate director shall not (save as provided in this Article 10) have the power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles, but he shall be an officer of the Company, he alone shall be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.
- 10.7 An alternate director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent, so far as applicable, as if he were a Director, but he shall not be entitled to receive from the Company in the respect of his appointment as alternate director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 10.8 Regulation 88 shall be modified accordingly.

11 POWERS OF DIRECTORS

- 11.1 Without prejudice to the power conferred by regulation 70 of Table A, the Directors may establish and maintain, or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any person (including Directors and other officers) who are or were at any time in the employment or service of the Company, or any undertaking which is or was a subsidiary undertaking of the Company or allied to or associated with the Company or any such subsidiary undertaking or of any of the predecessors in business of the Company or of any such other undertaking and the spouses, widows, widowers, families and dependants of any such persons and make payments to, for or towards the insurance of or provide benefits otherwise for any such persons.
- 11.2 Without prejudice to the provisions of regulation 70 of Table A and of *Article 17* and subject to the provisions of the Act, the Directors shall have power to purchase and maintain insurance at the expense of the Company for or for the benefit of any persons who are or were at any time:-
- 11.2.1 directors, officers, employees or auditors of the Company or of any other company which is its holding company, or in which the Company or such holding company has any interest whether direct or indirect, or which it is in any way allied to or associated with the Company or such holding company, or of any subsidiary undertaking of the Company or any such other company;
- 11.2.2 trustees of any pension fund in which employees of the Company or of any other such company or subsidiary undertaking are interested;

including (without prejudice to the generality to the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported exercise, execution and/or discharge of their powers or duties and/or otherwise in relation to their

duties, powers of offices in relation to the Company or any other such company, subsidiary undertaking or pension fund.

12 APPOINTMENT AND RETIREMENT OF DIRECTORS

- 12.1 The Directors of the Company shall not retire by rotation. Regulation 78 shall be modified accordingly.
- 12.2 The Directors may appoint any person or persons, who are willing to act, to be Directors of the Company either to fill a vacancy or as additional Directors provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.
- 12.3 The holder or holders from time to time of not less than 75 per cent. in nominal value of the issued share capital conferring the right to attend and vote at general meetings of the Company may, by sending to or depositing at the office notice in writing executed by or on behalf of him or them, appoint any person or persons who are willing to act, to be Directors of the Company either to fill a vacancy or as additional Directors provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.

13 DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 13.1 The office of a Director shall be vacated if:
 - 13.1.1 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or
 - 13.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - 13.1.3 he is a person with a mental disorder;
 - 13.1.4 he resigns his office by notice in writing to the Company; or
 - 13.1.5 he is removed from office by section 303 of the Act or by extraordinary resolution of the Company; or
 - 13.1.6 he is absent from meetings of the Directors for 6 successive months without permission of the Directors and his alternate director (if any) shall not have attended in his place and the Directors resolve that his office be vacated; or
 - 13.1.7 the holder or holders from time to time of not less than 75 per cent. in nominal value of the issued share capital conferring the right to attend and vote at general meetings of the Company deposit at the office notice in writing executed by or on behalf of him or them removing him from office; or
 - 13.1.8 he is removed from office by notice in writing executed by or on behalf of all the other Directors deposited at the office (which removal shall be deemed to be an act of the Company) or;
 - 13.1.9 he is suspended by the Football Association from taking part in football management; or

13.1.10 the office of a Director/official shall be vacated if such person is subject to a decision of the Football Association that such person be suspended from holding office or from taking part in any football activity relating to the administration or management of a Football Club.

13.2 No person shall be disqualified from being or becoming a Director of the Company by reason of his attaining or having attained the age of 70 years or any other age.

14 DIRECTORS' INTERESTS

14.1 A Director who is in any way either directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company:

14.1.1 shall declare the nature of his interest at a meeting of Directors in accordance with section 317 of the Act;

14.1.2 subject to such disclosure, shall be entitled to vote in respect of any contract or arrangement in which he is interested and if he shall do so his vote shall be counted and he may be taken into account in ascertaining whether a quorum is present.

15 PROCEEDINGS OF DIRECTORS

15.1 The quorum for the transaction of the business of the Directors shall, except when one Director only is in office, be two. A person who holds office as an alternate director shall, if his appointor is not present, be counted in the quorum. When one Director only is in office he shall have and may exercise all the powers and authority in and over the affairs of the Company as are conferred on the Directors by the Articles.

15.2 A resolution in writing executed by all the Directors (including a sole Director) entitled to receive notice of a meeting of Directors or of a Committee of Directors shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a Committee of Directors duly convened and held and may be contained in one document or in several documents in the same terms and executed by one or more Directors; but a resolution executed by an alternate director need not also be executed by his appointor and, if it is executed by a Director who has appointed an alternate director, it need not be executed by the alternate director in that capacity.

15.3 Provided that due notice of such telephone conference call has been given as would be required for notice of a meeting of the Directors or (as the case may be) a Committee of Directors, a telephone conference call during which a quorum of the Directors for the purpose of the business intended to be conducted at that meeting participates in the call shall be deemed to be a meeting of Directors or (as the case may be) a Committee of Directors so long as all those participating can hear and speak to each other throughout the call. A resolution passed by the Directors at such a meeting shall be as valid as if it had been passed at an actual meeting duly convened and held.

15.4 Without prejudice to any other Article, Mr Graham Simpson shall, at all times whilst he holds the position of Chairman of the Company, be entitled at any meeting of the board of Directors to cast two votes in respect of any matter upon which he is entitled to vote. For the avoidance of doubt, such votes are in addition to any casting vote Mr Graham Simpson may be entitled to cast as Chairman of the meeting.²

² Article 15.4 inserted by a special resolution passed 12 December 2002

- 15.5 Subject to Article 15.10, the Board may delegate all or any of its powers, authorities and discretions to one or more Committees established by the Board from time to time. Such Committee(s) may consist of one or more Directors and/or (if so determined) one or more other persons appointed by the Board or co-opted by the Committee as provided in the Sub-Article immediately following this Sub-Article. Insofar as any such power, authority or discretion is or shall be delegated to a Committee, any reference in these Articles to the exercise by the Board of the power, authority or discretions so delegated shall be read and construed as if such reference were a reference to the exercise thereof by such Committee. Any Committee so formed shall, in the exercise of the powers and discretions so delegated, conform to any regulations that may, from time to time, be imposed upon such Committee by the Board. The meetings and proceedings of such Committees shall be governed by the provisions of these Articles regulating Board meetings and proceedings so far as the same are not superseded by any regulation made by the Board from time to time. Accordingly the provisions of these Articles relating to and regulating the Board meetings shall, with any necessary modifications, apply to the meetings of each Committee. The power to delegate contained in this Sub-Article shall be effective in relation to the powers, authorities and discretions of the Board generally and shall not be limited by the fact that in certain Articles, but not in others, express reference may be made to particular powers, authorities or discretions being exercised by the Board or by a Committee authorised by the Board.
- 15.6 The Board may appoint, and any Committee shall have the power, unless the Board shall otherwise determine, to co-opt as a member or members of the Committee for a specific purpose or generally any person(s) who shall not be member(s) of the Board or of the Company.
- 15.7 Without limitation to any other Article, the Board may delegate to a Committee all of its powers, authorities and discretions regarding the remuneration of the Directors.
- 15.8 All acts done by or pursuant to any Board or Committee meeting or by any person acting as a Director or as a member of a Committee, shall, as regards all persons dealing in good faith with the Company, and notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of any Director or member of a Committee acting as aforesaid, or that the Directors or any of the Directors were disqualified or had ceased to be Directors or a Director, be as valid as if every such person had been duly appointed and was qualified to be and had continued to be a Director or member of the Committee and had been entitled to vote.
- 15.9 The Board shall ensure that proper minutes shall be made of all general meetings, all appointments of Directors and other officers, all proceedings at Board and Committee meetings and of the attendances at such meetings and all business transacted at such meetings. Minutes of any meeting, if purporting to be signed by the chairman of the meeting, shall be conclusive evidence of the facts stated in those minutes.
- 15.10 All financial and operational matters concerning the business and affairs of the Company shall be dealt with solely and to the exclusion of the Board in every respect by a Committee of the Board (which is hereby appointed upon the adoption of this Article 15.10) consisting only of those Directors from time to time who are directors of both the Company and its parent company, Watford Leisure PLC (the **Finance and Operations Committee**) save that, the members of the Finance and Operations Committee may appoint one or more of the remaining Directors of the Company to the Finance and Operations Committee from time to time. The Finance and Operations Committee shall conduct its affairs in accordance with terms of reference adopted by the Board from time to time the terms of which, if and to the extent inconsistent with the provisions of these Articles, shall prevail over these Articles. Members of the Finance and Operations Committee may not be removed without the consent

of members of the Company for the time being holding not less than seventy-five per cent. of the issued ordinary share capital of the Company.

16 EXECUTION OF DOCUMENTS

Where the Act so permits, any instrument signed by one Director and the secretary or by two Directors and expressed to be executed by the Company as a deed shall have the same effect as if executed under the seal, provided that no instrument shall be so signed which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the Directors or of a committee authorised by the Directors in that behalf.

17 DIVIDENDS

- 17.1 The Directors may deduct from any dividend payable on or in respect of a share all sums of money presently payable by the holder to the Company on any account whatsoever.
- 17.2 The payment by the Directors of any unclaimed dividend or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of such monies. Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.
- 17.3 A larger dividend shall not be declared than the maximum dividend for the time being allowed by the Football Association. Until otherwise determined by the Football Association, the maximum dividend payable in respect of any year shall be fifteen per cent. exclusive of tax credit, and the like dividend may in addition be paid in respect of the two preceding accounting periods if and to the extent that it has not previously been paid.

18 NOTICES

- 18.1 All notices given to or by any person pursuant to the Articles shall be in writing except that notice calling a meeting of Directors need not be in writing. Notice may be given personally or by letter. The address for service of the Company shall be the office or such other place as the Directors may appoint. The address for service of each member shall be his registered address within the United Kingdom or such other address within the United Kingdom for service as the addressee may from time to time notify to the Company for the purpose of this Article. In the absence of such address the member shall not be entitled to receive from the Company notice of any meeting.
- 18.2 In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.
- 18.3 Notices shall be deemed to be received:-
 - 18.3.1 if personally delivered, at the time of delivery and, in proving service, it shall be sufficient to produce a receipt for the notice signed by or on behalf of the addressee; and
 - 18.3.2 if by letter, at noon 2 Business Days after such letter was posted and, in proving the service, it shall be sufficient to prove that the letter was properly stamped first class, addressed and delivered to the postal authorities.

19 INDEMNITY

Subject to the provisions of and so far as may be permitted by the Act, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director, secretary or manager of the Company shall be entitled to be indemnified out of the assets of the Company against all liabilities, costs and expenses incurred or sustained by him in the execution and discharge of his duties. Regulation 118 and Table A shall be extended accordingly.

20 WINDING UP

Subject to any special rights for the time being attached to any preference shares, on the winding up of the Company the surplus assets shall be applied, first, in repaying to the members the amount paid up on their ordinary shares respectively, and if such assets shall be insufficient to repay the said amount in full, they shall be applied rateably, so that the loss shall fall upon the members in proportion to the amount called up on their shares respectively, and no member shall be entitled to have any call made upon other members for the purpose of adjusting his rights; but where any call has been made and has been paid by some of the members such call shall be enforced against the remaining members for the purpose of adjusting the rights of the members between themselves. If the surplus assets shall be more than sufficient to pay to the members the whole amount paid up on their ordinary shares, the balance shall be given to The Football Association Benevolent Fund, or to one or more other clubs or institutes in England and Wales having objects similar to those contained in the Memorandum of Association of the Company or to any local charity, or charitable or benevolent institution situate within 50 miles of Watford, such club, institution or charity to be decided upon, and such surplus apportioned among all or any of such clubs, institutions or charities by the members of the Company at or before the time of dissolution as they shall direct, or such balance may be disposed of in such other manner as the members of the Company with the consent of the Council of the Football Association for the time being determine.