

Company No: 01327061

**The Companies Act 2006**  
**Private Company Limited by Shares**  
**Written Resolution**  
**of**

WEDNESDAY



**Dynamic Heating Services Limited (the Company)**

*25<sup>th</sup> March*

**2019 (the Circulation Date)**

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that resolution 1 below be passed as a special resolution and resolution 2 and 3 be passed as an ordinary resolution.

We the undersigned, being the required majority of eligible members of the Company, resolve as follows:

**Special resolution**

**Adoption of articles of association**

**That** the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.


**Ordinary resolution**

**1 Re-designation of shareholding**

**That**, subject to approval of resolution 1, the 10,000 Ordinary shares in the issued share capital of the Company be re-designated as 10,000 A Ordinary shares having the rights and being subject to the restrictions set out in the articles of association to be adopted pursuant to resolution 1.

**Authority to Allot**

**That**, subject to approval of resolution 1, and in accordance with section 551 of the Companies Act 2006, the directors of the Company be generally and unconditionally authorised to allot B Ordinary shares in the Company up to an aggregate nominal amount of £100 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date five years from the Circulation Date save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the directors of the Company may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

  
\_\_\_\_\_  
Director of Aquarela Developments Limited

Dated 25<sup>th</sup> March 2019

Company No: 01327061

**Dynamic Heating Services Limited ("the Company")**

**Notice explaining the Written Resolution**

Dear Member

This notice explains how the attached written resolution will be passed.

**How to agree to the resolution**

The written resolution must be agreed to by members representing at least 75% of the total voting rights because it contains a special resolution.

If you do not agree to the written resolution, you do not need to do anything. If, however, you agree, you should signify your agreement by signing and dating the enclosed copy of the written resolution and returning this to the Company by delivering the signed written resolution by hand or sending it by post to 77-79 Stokes Croft, Bristol, BS1 3RD.


Please note that once you have signified your agreement to the written resolution you may not later change your mind and revoke your consent.

The resolution is passed on the date that the Company receives from the required majority of eligible members their agreement to the passing of the resolution.

**Time period for passing the resolution**

This written resolution will lapse, if it is not passed within the period of 28 days beginning with the Circulation Date. Your agreement to the resolution must therefore be received no later than this date. If your agreement to the resolution is received after this date it will be ineffective.

Dated: 25<sup>th</sup> March 2019



\_\_\_\_\_  
Director/company secretary

**Companies Act 2006**

**Private company limited by shares**

## **Articles of Association**

### **Dynamic Heating Services Limited**

Company number. 01327061

Adopted by special resolution dated 25<sup>th</sup> March 2019

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**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION OF**  
**DYNAMIC HEATING SERVICES LIMITED**

**1 Interpretation**

1.1 In these articles, unless the context requires otherwise:

- (a) **2006 Act** means the Companies Act 2006;
- (b) **these articles** means these articles of association as from time to time amended;
- (c) **company** means the above named company intended to be regulated by these articles;
- (d) **conflict authority** has the meaning given in article 10.1;
- (e) **directors** means some or all of the company's eligible directors for the time being when they take decisions in accordance with these articles;
- (f) **eligible director** means, in relation to a particular matter, a director who is entitled to vote on that matter at a directors' meeting and whose vote is to be counted in respect of that matter;
- (g) **group undertaking** has the meaning given in section 1161(5) of the 2006 Act; and
- (h) **model articles** means the model articles for private companies limited by shares prescribed by Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as in force on the date on which the company is registered, each a **Model Article**;
- (i) **A Ordinary shares** means the A Ordinary shares of £1.00 each in the capital of the company having the rights and being subject to the restrictions set out in these articles;
- (j) **B Ordinary shares** means the B Ordinary shares of £1.00 each in the capital of the company having the rights and being subject to the restrictions set out in these articles;
- (k) **person** includes any natural person, body corporate, partnership or unincorporated association, in each case whether or not having a separate legal personality;
- (l) **shares** means shares of any class in the capital of the company;
- (m) **United Kingdom** means Great Britain and Northern Ireland; and

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

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

1.3 In these articles.

(a) a reference to an **article** by number is a reference to the provision of these articles of that number; and

(b) a reference to a **conflict of interest** includes a conflict of interest and duty and a conflict of duties, and (in that context) **interest** includes both direct and indirect interests.

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

## **2 Adoption of model articles**

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

2.2 The following paragraphs of the model articles do not apply to the company: 7(2), 11(2), 14(1) to 14(5) (inclusive), 21 and 26(5).

## **Part 2: Directors**

### **Directors' powers and responsibilities**

## **3 Directors may delegate**

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

### **Decision-making by directors**

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

4.1 If, and for so long as, the company only has one director (see article 14):

(a) that director may exercise all the powers and discretions vested in the directors, and may take decisions without regard to any of the provisions of the model articles (as modified by these articles) relating to directors' decision-making; and

(b) any reference to a conflict authority, and any requirement for a declaration of interest by a director to the other directors, is to be disregarded.



- 4.2 A sole director's decision may (without limitation) take the form of a resolution in writing signed by the director, or to which he has otherwise indicated agreement in writing.

## **5 Unanimous decisions**

- 5.1 In paragraph 8(2) of the model articles, the words "copies of which have been signed by each eligible director" are deleted and replaced with the words "where each eligible director has signed one or more copies of it".
- 5.2 In paragraph 8(3) of the model articles, the words "and whose vote would have been counted" are inserted after the words "had it been proposed as a resolution at a directors' meeting".

## **6 Calling a directors' meeting**

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

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

- 7.1 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but (subject to article 7.2) it must never be less than two eligible directors, and unless otherwise fixed it is two eligible directors. For clarity, this does not apply for so long as there is a sole director (see article 4.1).
- 7.2 For the purpose of any directors' meeting (or part of a meeting) held in accordance with article 10.1 to authorise a director's conflict of interest, if only one eligible director is in office, the quorum is one eligible director..

## **8 Participating and voting when director interested**

Provided he has declared the nature and extent of the interest to the other directors when required to do so in accordance these articles, a director is to be counted as participating for quorum and voting purposes in any decision at a directors' meeting that is concerned with a matter in which he has, or may have, directly or indirectly, any kind of interest or duty. This is subject (where relevant) to the requirements of section 175(6) of the 2006 Act concerning conflicts of interest and to the terms of any applicable conflict authority.

### **Directors' interests and conflicts**

## **9 Transactions or arrangements with the company**

Subject to the 2006 Act, and provided he has complied with any provision of the 2006 Act requiring a declaration of his interest to the other directors, a director may, despite his office, be a party to, or otherwise (directly or indirectly) interested in, any transaction or arrangement with the company.

## **10 Directors' conflicts of interest**

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

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

- 11.1 Provided he has declared the nature and extent of any direct or indirect interest of his to the other directors (other than a non-disclosable interest as set out in article 11.3), a director may, despite his office.
- (a) be a director or other officer of, or employed or engaged by, hold shares or other securities in, or otherwise be interested in, whether directly or indirectly, any group undertaking of the company or any other undertaking in which the company is otherwise (directly or indirectly) interested;
- (b) be a party to, or otherwise in interested in, whether directly or indirectly, any transaction or arrangement in which the company is (directly or indirectly) interested (other than a transaction or arrangement with the company); and
- (c) be a party to any transaction or arrangement with any group undertaking of the company or any other undertaking in which the company is otherwise (directly or indirectly) interested.
- 11.2 No conflict authority is required in respect of any matter referred to in article 11.1, and a director does not infringe his duty under section 175 of the 2006 Act because of this.
- 11.3 The following are non-disclosable interests for the purposes of article 11.1:
- (a) any interest of a director which consists of him being a director, officer or employee of (or otherwise being engaged by) any group undertaking of the company; and
- (b) any interest of a director which cannot reasonably be regarded as likely to give rise to a conflict of interest or one that the other directors are already aware of or ought reasonably to be aware of.
- 11.4 If a declaration of interest under article 11.1 proves to be, or becomes, inaccurate or incomplete, a further declaration must be made

## **12 Confidential information and attendance at directors' meetings**

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

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

### **13 Accounting for benefits when interested**

If a director or any other person receives any benefit as a result of anything allowed under articles 9 or 11 or (subject to its terms) pursuant to a conflict authority:

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

## **Appointment of directors**

### **14 Number of directors**

The company need have only one director.

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

- 15.1 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by the holder or holders of a majority in nominal value of the shares. The holder(s) may do this by giving notice of appointment in writing to the company signed by them or authenticated in any other manner approved by the directors. The notice may consist of several documents in similar form each signed or so authenticated by one or more shareholders. The appointment takes effect when the notice is sent or supplied to the company or any director, or on any later date specified in the notice.
- 15.2 Article 15.1 takes effect in addition to the methods of appointment of directors provided for in paragraph 17 of the model articles.

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

- 16.1 A person ceases to be a director as soon as the holder or holders of a majority in nominal value of the shares give notice in writing to the company signed by them, or authenticated in any other manner approved by the directors, removing that person from office as a director. The notice may consist of several documents in similar form each signed or so authenticated by one or more shareholders. The removal takes effect when the notice is sent or supplied to the company or any director, or on any later date specified in the notice.
- 16.2 Article 16.1 takes effect in addition to the circumstances in which a person ceases to be a director pursuant to paragraph 18 of the model articles.

## **17 Alternate directors**

- 17.1 Any director (the "**appointor**") may appoint as an alternate any other director, or any other person approved by a decision of the directors, to:
- (a) exercise that director's powers; and
  - (b) carry out that director's responsibilities,
- in relation to the taking of decisions by the directors in the absence of the alternate's appointor.
- 17.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors. The notice must:
- (a) identify the proposed alternate, and
  - (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of his appointor.
- 17.3 An alternate director has the same rights to participate in any directors' meeting or decision of the directors reached in accordance with Model Article 8, as the alternate's appointor.
- 17.4 Except as these Articles specify otherwise, alternate directors:
- (a) are deemed for all purposes to be directors;
  - (b) are liable for their own acts or omissions;
  - (c) are subject to the same restrictions as their appointors, and
  - (d) are not deemed to be agents of or for their appointors.
- 17.5 A person who is an alternate director but not a director:
- (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating); and

- (b) may sign or otherwise signify his agreement in writing to a written resolution in accordance with Model Article 8 (but only if that person's appointor has not signed or otherwise signified his agreement to such written resolution).

17.6 No alternate may be counted as more than one director for such purposes.

- (a) An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the remuneration payable to that alternate's appointor as the appointor may direct by notice in writing made to the Company.
- (b) Model Article 20 is modified by the deletion of each of the references to "directors" and the replacement of each such reference with "directors and/or any alternate directors".

17.7 An alternate director's appointment as an alternate terminates:

- (a) when his appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) 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 office as director;
- (c) on the death of his appointor; or
- (d) when his appointor's appointment as a director terminates.

## **18 Directors' expenses**

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

## **Part 3: Shares and distributions**

### **Share capital**

## **19 Share capital**

- 19.1 The share capital of the company at the date of adoption of these articles is divided into A Ordinary shares and B Ordinary shares. The rights attaching to the shares are as follows:-
- 19.2 Except as provided in these Articles, the A Ordinary shares and B Ordinary shares, shall rank *pari passu* in all respects but shall constitute separate classes of shares.
- 19.3 Voting
  - (a) The A Ordinary shares confer on their holders full voting rights whereas the B Ordinary shares do not carry the right to attend or vote at a general meeting of the members.

#### 19.4 Dividends

- (a) Subject to the provisions of the 2006 Act and to paragraph (d) below, the Company may by ordinary resolution, upon the recommendation of the directors, declare a final dividend.
- (b) Subject to paragraph (d) below, every General Meeting at which a dividend is declared shall, by special resolution, direct that such dividend be paid in respect of one or more classes of shares to the exclusion of the other classes or in respect of all classes of shares.
- (c) Subject to paragraph (d) below, where a dividend is declared in respect of more than one class of share, the Company may by special resolution, differentiate between such classes as to the amount or percentage of dividend payable, but in default the shares in each class shall be deemed to rank *pari passu* in all respects as if they constituted one class of shares.
- (d) No dividend shall be declared to any class of shares in circumstances where the directors recommend that no dividend should be declared nor shall any dividend be declared to any class which exceeds the amount recommended by the directors in respect of that class.
- (e) When paying interim dividends, the directors may make payments to one or more classes of shares to the exclusion of the other classes or to all classes of shares. When making payment, the directors may differentiate between the classes to which payments are being made as to the amount or percentage of dividend payable. Regulation 30 of the Model Articles shall be read and construed accordingly.

### **Issue and allotment of shares**

#### **20 Powers to issue different classes of shares**

- 20.1 The following sentence is inserted at the end of paragraph 22(1) of the model articles: "These rights and restrictions will apply to the shares as if they were stated in the articles."
- 20.2 The following sentence is inserted at the end of paragraph 22(2) of the model articles: "These terms and conditions will apply to the shares as if they were stated in the articles."
- 20.3 The rights attached to any shares are not, unless otherwise expressly provided in the terms on which such shares are issued, deemed to be varied by the creation or issue of further shares ranking in some or all respects equally with them (but in no respect in priority to them) or by the purchase or redemption by the company of any of its own shares

#### **21 Allotment of shares**

- 21.1 The directors are generally and unconditionally authorised, in accordance with section 551 of the 2006 Act, to exercise all the powers of the company to allot shares or to grant rights to subscribe for, or to convert any security into, shares.
- 21.2 The authority contained in article 21.1:
- (a) is limited to a maximum nominal amount of £100 or such other amount as may from time to time be authorised by ordinary resolution, and
  - (b) will expire on the day five years after the date on which the resolution adopting these articles was passed, but the company may, before the authority expires, make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after it expires.
- 21.3 In accordance with section 567(1) of the 2006 Act, the requirements of sections 561 and 562 of the 2006 Act are excluded generally in relation to the allotment by the company of equity securities.

### **Share certificates**

## **22 Issue and content of share certificates**

- 22.1 In paragraph 24(2)(c) of the model articles, the words "that the shares are fully paid" are deleted and replaced with the words "the amount paid up on them".
- 22.2 Paragraph 24(5) of the model articles is deleted and replaced with a new paragraph 24(5) as follows:
- "Certificates must be executed in accordance with the 2006 Act".

### **Transfer and transmission of shares**

## **23 General prohibition**

- 23.1 No B Ordinary shares may be transferred to any person unless written notice of the proposed transfer has been given to all holders of A Ordinary shares and a majority of the holders of A Ordinary shares have approved the proposed transfer
- 23.2 In these articles, references to the transfer of shares include the transfer, assignment or other disposal of any beneficial or other interest in shares, the grant of contractual rights or options over or in respect of shares, and the creation of a trust or encumbrance over shares, and references to shares include beneficial or other interests in shares.

## **24 Drag along**

- 24.1 If the holders of 75% of the shares in issue for the time being (the "**Selling Shareholders**") wish to transfer all of their interest in shares (the "**Sellers' Shares**") to a bona fide arm's-length purchaser ("**Proposed Buyer**"), the Selling Shareholders shall have the option ("**Drag Along Option**") to require all the other holders of shares on the date of the request ("**Called Shareholders**") to sell and transfer all their

interest in shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this Article 24

- 24.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a "**Drag Along Notice**"), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their shares ("**Called Shares**") pursuant to this Article 24;
  - (b) the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
  - (c) the consideration payable for the Called Shares calculated in accordance with Article 24.4; and
  - (d) the proposed date of completion of transfer of the Called Shares.
- 24.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 20 working days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 24.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be at least equal to that to which the Proposed Buyer has offered to the Selling Shareholders for each of the Selling Shareholders' shares of the same class.
- 24.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 24.
- 24.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless all of the Called Shareholders and the Selling Shareholders otherwise agree.
- 24.7 Within 10 working days of the Proposed Buyer serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those shares (or a suitable indemnity in respect thereof) to the company. On the expiration of that 10 working day period the company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to Article 24.4 to the extent the Proposed Buyer has put the company in the requisite funds. The company's receipt for the amounts due pursuant to Article 24.4 shall be a good discharge to the Proposed Buyer. The company shall hold the amounts due to the Called



Shareholders pursuant to Article 24.4 in trust for the Called Shareholders without any obligation to pay interest.

- 24.8 To the extent that the Proposed Buyer has not, on the expiration of the 10 working day period, put the company in funds to pay the amounts due pursuant to Article 24.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant shares and the Called Shareholders shall have no further rights or obligations under this Article 24 in respect of their shares.
- 24.9 If any Called Shareholder fails to deliver to the company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of shares under this Article 24.
- 24.10 Upon any person, following the issue of a Drag Along Notice, becoming a shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into shares (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 24 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.

## **25 Share transfers generally**

- 25.1 In paragraph 26(1) of the model articles, the words "and (if any of the shares is not fully paid) the transferee" are inserted after the words "which is executed by or on behalf of the transferor".
- 25.2 Except in the circumstances set out in article 25.3, the directors may refuse to register the transfer of a share
- 25.3 Subject to articles 23.1 and 25.4, the directors must register a transfer previously approved in writing by all the shareholders.
- 25.4 The directors may refuse to register the transfer of a share if:

- (a) the share is not fully paid;
- (b) the transfer is not lodged at the company's registered office or such other place as the directors have appointed;
- (c) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
- (d) the transfer is in respect of more than one class of shares,
- (e) the transfer is in favour of more than four transferees; or
- (f) the transfer is not duly stamped (if required).

25.5 If the directors refuse to register the transfer of a share, the company must, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the company, send notice of the refusal to the transferee together with its reasons for the refusal.

25.6 An instrument of transfer which the directors refuse to register must (except in the case of suspected fraud) be returned to the person lodging it.

## **26 Transmission of shares**

Nothing in these articles releases the estate of a deceased shareholder from any liability in respect of a share solely or jointly held by that shareholder.

## **27 Exercise of transmitters' rights**

In paragraph 28(3) of the model articles, the words "Any transfer made or executed under this article is to be treated as if it were made or executed" are deleted and replaced with the words "All the articles relating to the transfer of shares apply to the notification or instrument of transfer (as the case may be) as if it were an instrument of transfer executed".

### **Capitalisation of profits**

## **28 Authority to capitalise and appropriation of capitalised sums**

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

## **Part 4: Decision-making by shareholders**

### **Organisation of general meetings**

## **29 Notice of general meeting**

29.1 Notice of a general meeting need not be sent to any member who, under the terms of issue of the shares he holds, is not entitled to receive notice.

29.2 Notice of a general meeting need not be given to a transmittee, if the member concerned would not have been entitled to receive the notice.

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

### **30 Quorum for general meetings**

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

30.2 In this article 30, **qualifying person**, in relation to any general meeting, means an individual who is a member of the company, a person authorised under section 323 of the 2006 Act to act as the representative of a corporation in relation to the meeting, or a person appointed as proxy of a member in relation to the meeting.

### **Voting at general meetings**

### **31 Voting: general**

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

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

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

### **32 Poll votes**

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

"A poll may be demanded by:

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

### **33 Content of proxy notices**

The company is not required to check or ensure that a person appointed as a proxy votes (or abstains from voting) in accordance with any instructions given by the shareholder by whom

the proxy is appointed. A vote given, or poll demanded, by a proxy is valid even though the proxy does not vote in accordance with any such instructions.

#### **Restrictions on members' rights**

#### **34 No voting of shares on which money owed to company**

No voting rights attached to a share may be exercised in any way permitted by the 2006 Act unless all amounts payable to the company in respect of that share have been paid.

#### **Part 5: Administrative arrangements**

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

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

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

#### **36 When a communication from the company is deemed received**

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

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

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

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

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

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

#### **37 When a communication to the company is deemed received**

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

### **38 Communications to and by joint holders**

38.1 In the case of joint holders of a share:

- (a) a document or information will be validly sent or supplied to all the joint holders if sent or supplied to whichever of them is named first in the register of members in respect of the joint holding; and
- (b) anything to be agreed or specified in relation to a document or information to be sent or supplied to the joint holders may be agreed or specified by the joint holder whose name appears first in the register of members in respect of the joint holding, and this will bind all the joint holders.

38.2 References in article 38.1 to a document or information are references to any document or information which is authorised or required to be sent or supplied by the company by any provision of the Companies Acts or under these articles.

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

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

### **Defined terms**

1. In the articles, unless the context requires otherwise-
- "articles" means the company's articles of association,
  - "bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy,
  - "chairman" has the meaning given in article 12,
  - "chairman of the meeting" has the meaning given in article 39,
  - "Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company,
  - "director" means a director of the company, and includes any person occupying the position of director, by whatever name called,
  - "distribution recipient" has the meaning given in article 31,
  - "document" includes, unless otherwise specified, any document sent or supplied in electronic form,
  - "electronic form" has the meaning given in section 1168 of the Companies Act 2006,
  - "fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company,
  - "hard copy form" has the meaning given in section 1168 of the Companies Act 2006,
  - "holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares,
  - "instrument" means a document in hard copy form,
  - "ordinary resolution" has the meaning given in section 282 of the Companies Act 2006,
  - "paid" means paid or credited as paid,
  - "participate", in relation to a directors' meeting, has the meaning given in article 10;
  - "proxy notice" has the meaning given in article 45,
  - "shareholder" means a person who is the holder of a share,
  - "shares" means shares in the company,
  - "special resolution" has the meaning given in section 283 of the Companies Act 2006,
  - "subsidiary" has the meaning given in section 1159 of the Companies Act 2006,
  - "transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law, and
  - "writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise

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

### **Liability of members**

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

## **PART 2 DIRECTORS DIRECTORS' POWERS AND RESPONSIBILITIES**

### **Directors' general authority**

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

### **Shareholders' reserve power**

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

### **Directors may delegate**

- 5.-(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles-
- (a) to such person or committee,
  - (b) by such means (including by power of attorney),
  - (c) to such an extent,
  - (d) in relation to such matters or territories, and
  - (e) on such terms and conditions,

as they think fit

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

- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions

## **Committees**

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

## **DECISION-MAKING BY DIRECTORS**

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

- 7.-(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8
- (2) If-
- (a) the company only has one director, and
  - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making

### **Unanimous decisions**

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

### **Calling a directors' meeting**

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

### **Participation in directors' meetings**

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

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

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

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

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

### **Casting vote**

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



## **Conflicts of interest**

- 14.-(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes
- (3) This paragraph applies when-
- (a) the company by ordinary resolution disapples the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process,
  - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or
  - (c) the director's conflict of interest arises from a permitted cause
- (4) For the purposes of this article, the following are permitted causes-
- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries,
  - (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities, and
  - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors
- (5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting
- (6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive
- (7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes

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

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

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

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

## **APPOINTMENT OF DIRECTORS**

### **Methods of appointing directors**

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

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

18. A person ceases to be a director as soon as-
- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law,
  - (b) a bankruptcy order is made against that person,
  - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,
  - (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
  - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have,
  - (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms

### **Directors' remuneration**

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

### **Directors' expenses**

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

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

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

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

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

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

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

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

#### **Share certificates**

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

#### **Replacement share certificates**

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

#### **Share transfers**

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

#### **Transmission of shares**

- 27.-(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share
- (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require-
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
  - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had
- (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares

#### **Exercise of transmittees' rights**

- 28.-(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish

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

#### **Transmittees bound by prior notices**

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

### **DIVIDENDS AND OTHER DISTRIBUTIONS**

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

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

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

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

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

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

#### **Unclaimed distributions**

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

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

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

#### **Waiver of distributions**

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

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

## **CAPITALISATION OF PROFITS**

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

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

## **PART 4 DECISION-MAKING BY SHAREHOLDERS ORGANISATION OF GENERAL MEETINGS**

### **Attendance and speaking at general meetings**

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

### **Quorum for general meetings**

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

### **Chairing general meetings**

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

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

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

### **Adjournment**

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

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

## **VOTING AT GENERAL MEETINGS**

### **Voting: general**

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

### **Errors and disputes**

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

### **Poll votes**

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

### **Content of proxy notices**

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

### **Delivery of proxy notices**

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

### **Amendments to resolutions**

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

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

## **PART 5**

### **ADMINISTRATIVE ARRANGEMENTS**

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

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

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

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

#### **Company seals**

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

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

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

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

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

#### **No right to inspect accounts and other records**

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

#### **Provision for employees on cessation of business**

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

## **DIRECTORS' INDEMNITY AND INSURANCE**

#### **Indemnity**

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

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

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

(3) In this article-

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

#### **Insurance**

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

(2) In this article-

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

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

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

**Defined terms**

1. In the articles, unless the context requires otherwise-  
"call" has the meaning given in article 54,  
"call notice" has the meaning given in article 54,  
"company's lien" has the meaning given in article 52;  
"distribution recipient" has the meaning given in article 72,  
"lien enforcement notice" has the meaning given in article 53,  
"paid" means paid or credited as paid,  
"partly paid" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the company,

**PART 4**  
**SHARES AND DISTRIBUTIONS**  
**PARTLY PAID SHARES**

**Company's lien over partly paid shares**

52.-(1) The company has a lien ("the company's lien") over every share which is partly paid for any part of-  
(a) that share's nominal value, and  
(b) any premium at which it was issued,  
which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it  
(2) The company's lien over a share-  
(a) takes priority over any third party's interest in that share, and  
(b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share  
(3) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part

**Enforcement of the company's lien**

53.-(1) Subject to the provisions of this article, if-  
(a) a lien enforcement notice has been given in respect of a share, and  
(b) the person to whom the notice was given has failed to comply with it,  
the company may sell that share in such manner as the directors decide  
(2) A lien enforcement notice-  
(a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,  
(b) must specify the share concerned,  
(c) must require payment of the sum payable within 14 days of the notice,  
(d) must be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise, and  
(e) must state the company's intention to sell the share if the notice is not complied with  
(3) Where shares are sold under this article-  
(a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the

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

#### **Call notices**

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

#### **Liability to pay calls**

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

#### **When call notice need not be issued**

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

#### **Failure to comply with call notice: automatic consequences**

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

#### **Notice of intended forfeiture**

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



### Directors' power to forfeit shares

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

### Effect of forfeiture

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

### Procedure following forfeiture

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

### Surrender of shares

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

## DISTRIBUTIONS

### Calculation of dividends

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

### Deductions from distributions in respect of sums owed to the company

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