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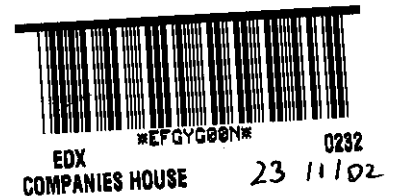
A.

THE COMPANIES ACT 1985 AND THE COMPANIES ACT 1989

A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
WYCAR LEYS (BULWELL) LIMITED

PRELIMINARY



1. **DEFINITIONS**
In these Articles:

“**A** Director” has the meaning set out in Article 11;

“**A** Share” means an “A” ordinary share of £1.00 in the capital of the Company;

“**A** Shareholder” means a holder of “A” Shares;

“**Business**” means the business of carrying on a residential care home at Ashwood Court Care Home, Snape Wood Road, Bulwell, Nottingham;

“**B** Director” has the meaning set out in Article 11;

“**B** Share” means a “B” ordinary share of £1.00 in the capital of the Company;

“**B** Shareholder” means a holder of “B” Shares;

“**Capital Profits**” means profit on the sale of the Business (net of any sale costs);

"Capital Profit Sum" means the sum of £375,000.00 (THREE HUNDRED AND SEVENTY-FIVE THOUSAND POUNDS) as varied by (if applicable):

- (a) the deduction of any interest paid by the Company on the Shareholders' Loans as a result of a demand for repayment of a Shareholder's Loan being made on the Company;
- (b) (in the event that the Capital Profit arises within 24 months from the date of completion of the acquisition of the Business) the reduction of the Capital Profit Sum by a multiple of the amount of time outstanding from the completion of a sale of the Business to the date 24 months after completion of the acquisition of the Business divided by 24 months; or
- (c) by operation of Article 20.11.

"Directors" means the "A" Directors and the "B" Directors for the time being of the Company or a quorum of the "A" Directors and the "B" Directors present at a meeting of the "A" Directors and the "B" Directors;

"Shareholder" means a holder of "A" Shares or "B" Shares;

"Shares" means "A" Shares and "B" Shares; and

"Shareholders' Loans" means loans made by the "B" Shareholders to the Company.

2. The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter referred to as "Table A") shall apply to the Company save in so far as they are excluded or varied hereby: that is to say, Regulations 8, 64, 73 to 75 (inclusive) of Table A shall not apply to the Company; and in addition to the remaining Clauses of Table A, as varied hereby, the following shall be the Articles of Association of the Company.

SHARE CAPITAL

3. At the date of adoption of these articles the authorised share capital of the Company is £10,000 divided into 5,000 "A" Shares of £1 each and 5,000 "B" Shares of £1.00 each. The "A" Shares and the "B" Shares shall entitle the holders of those shares to the respective rights and privileges and subject them to the respective restrictions and provisions contained in these articles.
4. All the "A" Shares and all the "B" Shares for the time being in issue shall constitute separate classes of shares respectively for the purposes of these articles and the Act, but, except as otherwise provided by these articles, the "A" Shares and "B" Shares shall rank *pari passu* in all respects.
5. The rights conferred upon the holders of the "A" Shares and "B" Shares shall be deemed to be varied by:
 - 5.1 the reduction of the capital paid up on any of those shares;
 - 5.2 by the creation or issue of further shares ranking in priority to them for the payment of a dividend or of capital; or
 - 5.3 any amendment to the memorandum of association or these articles, but shall not be deemed to be varied by:
 - 5.3.1 the creation or issue of further shares ranking subsequent to them; or
 - 5.3.2 by the Company purchasing an equal number of "A" Shares and "B" Shares.
6. The rights and restrictions attaching to the "A" Shares are:
 - 6.1 the holders of the "A" Shares shall have the right to receive notice of and attend and vote at general meetings;

- 6.2 the holders of the "A" Shares shall have the right to receive a quarterly dividend representing 40% of the distributable profits of the Company after deducting depreciation and finance costs but before deducting any corporation tax payable on such profits;
 - 6.3 the holders of the "A" Shares shall be entitled to all Capital Profits over and above the Capital Profit Sum;
 - 6.4 the holders of "A" Shares shall not transfer any "A" Shares nor shall an "A" Shareholder create or permit any charge, lien or encumbrance over any of his "A" Shares nor may an "A" Shareholder sell or dispose of any of his "A" Shares or any interest in then (or agree to do so whether subject to any condition precedent, condition subsequent or otherwise);
 - 6.5 the holders of "A" Shares shall cease to have any of the rights set out in Articles 6.1 to 6.4 (inclusive) (above) unless by the date which falls 30 months after the date of completion of the sale of the Business to the Company, (a) the Shareholders' Loans have been repaid; and (b) the "B" Shareholders have been paid the Capital Profits Sum.
7. The rights and restrictions attaching to the "B" Shares are:
- 7.1 the holders of the "B" Shares shall have the right to receive notice of and attend general meetings of the Company but shall not have the right to vote thereat (subject to Article 7.4 (below)) unless the Company has defaulted under its obligations under the Shareholders' Loans in which case each holder of "B" Shares shall have one vote per share and the holders of all the "B" Shares shall have in total one vote more than the aggregate of votes held by the holders of the "A" Shares;
 - 7.2 the holders of the "B" Shares shall be entitled to the Capital Profit Sum out of Capital Profits realised by the Company;
 - 7.3 the holders of "B" Shares may not transfer any "B" Shares until 18 months after the date of adoption of these Articles and then only with

the prior approval of the board of Directors and provided always that such transfer of "B" Shares is accompanied by an assignment to the transferee of any outstanding Shareholder's Loan made by the transferor;

- 7.4 unless by the date which falls 30 months after the date of adoption of these Articles, (a) the Shareholders' Loans have been repaid; and (b) the "B" Shareholders have been paid the Capital Profit Sum, then the holders of "B" Shares shall (i) be entitled to vote at general meetings of the Company, (ii) be exclusively entitled to receive dividends from the Company, and (iii) have the right to acquire the "A" Shares at par value.

GENERAL MEETINGS

8. A notice convening a general meeting shall in the case of special business specify the general nature of the business to be transacted; and Regulation 38 of Table A shall be modified accordingly.
9. All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.
10. Regulation 41 of Table A shall be read and construed as if the last sentence ended with the words "and if at the adjourned Meeting a quorum is not present within half an hour from the time appointed for the Meeting, the Meeting shall be dissolved".

APPOINTMENT AND REMOVAL OF DIRECTORS

11. The holders for the time being of a majority of the "A" Shares may from time to time appoint up to two persons to be directors and these directors and any alternates shall be called "A" Directors. The holders for the time being of a majority of the "B" Shares may from time to time appoint up to two persons to be directors and these directors and any alternates shall be called "B" Directors.

12. If there is a vacancy for the appointment of an "A" Director or a "B" Director and the holders of the majority of the "A" Shares or the "B" Shares (as the case may be) have not filled the vacancy in the manner set out in this Article within ninety days of the creation of the vacancy, the Company shall convene a separate class meeting of the holders of "A" Shares or "B" Shares (as the circumstances require) to elect a replacement "A" Director or "B" Director. The provisions of these Articles relating to general meetings shall apply to a separate class meeting, except that a quorum for the meeting shall be the holders of shares of the relevant class, present in person or by proxy or a representative.
13. Each "A" Director and "B" Director may at any time be removed from office by the holders of a majority of the "A" Shares or "B" Shares (as the case may be).
14. A director appointed by a class of members pursuant to this Article shall cease to be a director from the date on which the members of the class at the time of his appointment cease to be members.
15. Any appointment or removal of a director shall be made by notice in writing served on the Company and signed by the persons appointing or removing the director. In the case of a corporation the notice may be signed on its behalf by a director or the secretary of the corporation or by its duly appointed attorney or duly authorised representative.
16. The directors shall not be subject to retirement by rotation. Regulations 73, 74 and 75 of Table A shall not apply, and reference in any other regulation to retirement by rotation shall be disregarded.
17. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

18. A Director may vote as a Director on any resolution concerning any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration; and Regulation 94 of Table A shall be modified accordingly.

INDEMNITY

19. Subject to the provisions of the Act and in addition to such indemnity as is contained in Regulation 118 of Table A, every director, officer or official of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred by him in or about the execution and discharge of the duties of his office.

PRE-EMPTION RIGHTS ON TRANSFERS OF "B" SHARES

- 20.1 A "B" Shareholder shall not create or permit to exist any charge, lien or encumbrance over any of his shares in the Company nor may he sell, transfer or dispose of any of his shares or any interest in them (or agree to do so whether subject to any condition precedent, condition subsequent or otherwise) except by a transfer of the whole of the legal and beneficial title to such shares free from all charges, liens and encumbrances and together with all rights, title and interest in existence at the date of transfer (and which may arise afterwards) in accordance with the following provisions of this Article 20. "B" Shares may be transferred only to "B" Shareholders.
- 20.2 "B" Shares may not be transferred for 18 months after the date of adoption of these Articles. Thereafter a "B" Shareholder proposing to transfer the Shares registered in his name ("**Proposing Transferor**") shall give notice in writing ("**Transfer Notice**") to the Company that he wishes to transfer such shares ("**Transfer Shares**"). Such notice shall constitute the Company (acting by its Directors) his agent for the sale of the Transfer Shares in accordance with this Article. A Transfer Notice shall be irrevocable.

- 20.3 Within 7 days after the receipt, or deemed receipt, of any Transfer Notice, the Directors shall serve a copy of that Transfer Notice on all the "B" Shareholders other than the Proposing Transferor.
- 20.4 "B" Shares shall be transferred at par value and a transfer of "B" Shares shall be accompanied by an assignment of any Shareholder's Loan to the transferee of the "B" Shares.
- 20.5 Within 7 days of service of the Transfer Notice on "B" Shareholders the Company shall offer the Transfer Shares to the "B" Shareholders (other than the Proposing Transferor) in proportion (as nearly as may be) to the nominal value of shares held by them respectively. Every such offer shall be made in writing specifying the number of shares offered ("**Proportionate Entitlement**") and shall be accompanied by forms of application for use by the "B" Shareholder in applying for his Proportionate Entitlement and for any Transfer Shares in excess of any such entitlement which he is prepared to purchase. Every such offer shall be open for acceptance in whole or in part within 21 days from the date of its despatch.
- 20.6 At the expiry of such period of 21 days, the Directors shall allocate the Transfer Shares, in the following manner:
- (a) to each "B" Shareholder who has agreed to purchase Transfer Shares ("**Purchasing Shareholder**") there shall be allocated his Proportionate Entitlement or such lesser number of Transfer Shares for which he may have applied;
 - (b) to the extent that any "B" Shareholder has applied for less than his Proportionate Entitlement, the excess shall be allocated (as nearly as may be) pro-rata to the nominal amount of the existing holdings of "B" Shares to the "B" Shareholders who have applied for any part of such excess provided that any apportionment made under this sub-paragraph (b) shall be made so as not to result in any such "B" Shareholder being allocated more Transfer Shares than he has applied for (any

remaining excess being apportioned by applying this subparagraph (b) without taking account such "B" Shareholder).

- 20.7 If all the Transfer Shares are not accepted by a Purchasing Shareholder or Purchasing Shareholders then they shall be repurchased by the Company in accordance with Article 20.11 (below).
- 20.8 Within 28 days of the expiry of the 21 day period under Article 20.5 above in which applications from shareholders can be made the Directors shall notify the Proposing Transferor and all Purchasing Shareholders of the details of the applications which have been made, of the allocations made as between Purchasing Shareholders under Article 20.6 above and those Transfer Shares which each such person is bound to purchase.
- 20.9 Any sale of "B" Shares effected pursuant to this Article to a Purchasing Shareholder shall be at the par value of the "B" Shares.
- 20.10 Subject to Article 20.12 below, the Proposing Transferor shall be bound, upon payment of the par value of the Transfer Shares, to transfer those Transfer Shares which have been allocated to the Purchasing Shareholders pursuant to Article 20.6 above to such Purchasing Shareholders and to deliver the relative share certificates (or an appropriate indemnity in respect of any lost certificates), and such payment shall be deemed to be made validly if it is made to the Company to be held in trust for the Proposing Transferor against delivery of such transfers and share certificates (or indemnity).
- 20.11 Subject to Article 20.12 below, if all the Transfer Shares are not accepted by a Purchasing Shareholder or Purchasing Shareholders, the Company shall repurchase the Transfer Shares at their par value (after deduction, where appropriate, of any dividend or other distribution to be retained by the Proposing Transferor) and the Capital Profit Sum shall be reduced by a multiple of the number of "B" Shares so repurchased divided by 3,750.

20.12 If all the Transfer Shares are not accepted by a Purchasing Shareholder or Purchasing Shareholders then the Company shall not pay any dividends to any person until such time as it has raised sufficient distributable reserves to enable it to repurchase the Transfer Shares. A Purchasing Shareholder must accept an assignment of any Shareholder's Loan which has been made by a Proposing Transferor. The Proposing Transferor shall be paid the nominal value of any outstanding Shareholder's Loan at the same time as he is paid the par value of the Transfer Shares.

SINGLE-MEMBER COMPANY

21. If, and for so long as, the Company has only one member, the following provisions shall apply:-

21.1 one person entitled to vote upon the business to be transacted, being the sole member of the Company or a proxy for that member or (if such member is a corporation) a duly authorised representative of such member, shall be a quorum and Regulation 40 of Table A shall be modified accordingly and Regulation 41 of Table A shall not have effect;

21.2 the sole member of the Company (or the proxy or authorised representative of the sole member representing that member at the relative general meeting) shall be the chairman of any general meeting of the Company and Regulation 42 of Table A shall be modified accordingly);

21.3 a proxy for the sole member of the Company may vote on a show of hands and Clause 54 of Table A shall be modified accordingly; and

21.4 all other provisions of these Articles shall (in the absence of any express provision to the contrary) apply with such modification as may be necessary in relation to a company which has only one member.