

Number 6808633

These are the new Articles referred to in a Special  
Resolution of *3 March* 2017.

Director

**The Articles of Association  
of Lambretta Distribution Limited**

(adopted on *3 March* 2017)

---

**Chris Robinson**

crobinson@excellolaw.co.uk  
07770601840

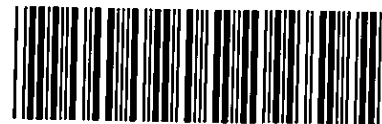
Ref CIR/LAM0041

**Excello Law**

5 Chancery Lane, London WC2A 1LG  
+44 (0) 845 257 9449  
excellolaw.co.uk



SATURDAY



RM \*R62H0FOZ\* #47  
18/03/2017  
COMPANIES HOUSE

## Contents

<b>Introduction .....</b>	<b>1</b>
1     Interpretation .....	1
2     Model Articles and the Schedule .....	3
<b>The Company's name .....</b>	<b>4</b>
3     Change of name .....	4
<b>Directors .....</b>	<b>4</b>
4     Shareholders' reserve power .....	4
5     Directors may delegate .....	4
6     Number of directors .....	4
7     Unanimous decisions .....	5
8     Calling a directors' meeting .....	5
9     Quorum for directors' meetings .....	5
10    Chairing of directors' meetings .....	5
11    Casting vote .....	6
12    Sole directors .....	6
13    Appointment and removal of directors .....	6
14    Remuneration of directors .....	7
15    Conflicts of interest .....	7
16    Associate directors .....	11
17    Secretary .....	11
<b>Shares .....</b>	<b>11</b>
18    Variation of class rights .....	11
19    Share certificates .....	12
20    Partly paid shares .....	12
<b>Issue of shares .....</b>	<b>12</b>
21    Further issues of shares' authorisation .....	12
22    Further issues of shares pre-emption rights .....	14
<b>Transmission of shares .....</b>	<b>14</b>
23    Requiring recipients to be registered or transfer .....	14
<b>Transfer of shares .....</b>	<b>14</b>
24    Discretion to refuse registration .....	14
25    Investigation of shareholdings .....	15
26    Purchase of the Company's own shares .....	18
<b>Dividends and other distributions .....</b>	<b>18</b>
27    Dividends .....	18
28    Capitalisation of profits .....	18
<b>Decision-making by shareholders .....</b>	<b>18</b>
29    Written resolutions .....	18
30    Notice of general meetings .....	19
31    Poll votes .....	19
32    Proxies .....	19
33    Quorum at general meetings .....	20
34    Chairing general meetings .....	20
<b>Administrative arrangements .....</b>	<b>20</b>
35    Means of communication to be used .....	20

36	Indemnity.....	21
<b>THE SCHEDULE .....</b>		<b>24</b>
<b>Part 1: Alternate Directors .....</b>		<b>24</b>
	Appointment and removal of alternates .....	24
	Rights and responsibilities of alternate directors .....	24
	Termination of alternate directorship .....	25
<b>Part 2: Payment of commissions on subscription for shares .....</b>		<b>25</b>
	Commissions .....	25
<b>Part 3: Lien and forfeiture .....</b>		<b>26</b>
	Company's lien over partly paid shares .....	26
	Enforcement of the Company's lien.....	26
	Call notices .....	27
	Liability to pay calls .....	28
	When call notice need not be issued .....	28
	Failure to comply with call notice: automatic consequences .....	28
	Notice of intended forfeiture.....	29
	Directors' power to forfeit shares.....	29
	Effect of forfeiture.....	30
	Procedure following forfeiture .....	30
	Surrender of shares.....	31
	Deductions from distributions in respect of sums owed to the Company .....	31

## THE COMPANIES ACT 2006

## THE ARTICLES OF ASSOCIATION

**OF LAMBRETTA DISTRIBUTION LIMITED**

(adopted on 2017)

## Introduction

## 1 Interpretation

**1.1** In these Articles the following expressions have the meanings set against them, unless the context otherwise requires:

the Act	the Companies Act 2006
address	includes an electronic communications address or number
Adoption Date	the date on which these Articles were first adopted
annual accounts	annual accounts of the Company as defined in section 471 Companies Act 2006
the Articles	the articles of association of the Company including the applicable Model Articles as modified
these Articles	the articles set out in this document including those in the Schedule
auditors	if there are no auditors of the Company because the company is exempt from the obligation to appoint auditors, means (if the Company is a subsidiary whose holding company has UK auditors) the UK auditors of its holding company, or (in any other case) a firm of accountants appointed by the Company to assist in the preparation of its annual accounts
business day	any day other than a Saturday, Sunday or public holiday in England and Wales
Conflict	has the meaning given in Article 15.1 2
control	has the meaning given in sections 450 and 451 Corporation Tax Act 2010 as in force on the Adoption Date (except, in section 451(4), that

	the references to an associate of a person do not include a person in partnership with him)
document	includes a notice of meeting or other notice, summons, order or other legal process and any register and includes, unless otherwise specified, any document sent or supplied in electronic form
Eligible Director	in relation to a decision means a director who would be entitled to vote on the decision at a meeting of directors, except that where a decision would not be effective unless it would have been agreed to if the vote of a director had not been counted, that director is not an Eligible Director
equity shares	shares forming part of the equity share capital of the Company
Group Company	the Company or any subsidiary of the Company
Majority Director	the director appointed by the Majority Holder (or by his predecessor as Majority Holder) under Article 13 1.1
Majority Holder	the person who is for the time being the Majority Shareholder as defined in the articles of Lambretta Licensing Limited (UK company number 5091962)
Minority Director	the director appointed as such by the Majority Holder (or by his predecessor as Majority Holder) under Article 13.1.2
Model Articles	the model articles for private companies limited by shares in Schedule 1 to the Companies (Model Articles) Regulations 2008 as amended by the Mental Health (Discrimination) Act 2013
Related Company	a Group Company or any other undertaking in which the Company has a material interest in its financial position or results (including as holder of its securities, guarantor of its liabilities, lender to it or otherwise) or any of its subsidiary undertakings
share	a share in the capital of the Company
Treasury Shares	shares held by the Company as treasury shares as defined in section 724(5) of the Act

1.2 Subject to any specific definitions in these Articles, definitions of terms and rules of interpretation in the Model Articles apply in these Articles. Unless the context requires otherwise, words and expressions used in these Articles that are not specifically defined in these Articles or in the Model Articles bear the same meanings as in the Act

1.3 In these Articles:

- 1.3.1 reference to an Article is to the relevant article or sub-article of these Articles, except where expressly referring to the Model Articles;
- 1.3.2 headings are for convenience and do not affect the interpretation of the Articles;
- 1.3.3 unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, including.
  - 1.3.3.1 any subordinate legislation from time to time made under it; and
  - 1.3.3.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts,
    - except that references to the Model Articles or the Companies (Model Articles) Regulations 2008 are to those in force at the Adoption Date incorporating amendments made to them which took effect before the Adoption Date;
- 1 3.4 any example introduced by **include, including, in particular** or similar expressions is to be construed as illustrative and does not limit the sense of the preceding words
- 1 4 For the purposes of the Articles (except where such an interpretation would be inconsistent with the Act) the definition of **subsidiary** in the Act shall be applied as if, wherever Schedule 6 of the Act treats rights as held by a person who is not a member, it also deemed that person to be a member of the company in question
- 1 5 Anything permitted by the Articles or the Act to be done or authorised by ordinary resolution may also be done or authorised by special resolution.
- 1 6 These Articles are to be construed as an amended continuation of any previous articles of the Company so that unless the context requires otherwise, any resolution, notice, authorisation, appointment or other thing passed, given, made or done under such previous articles shall be effective for the purposes of these Articles. The adoption of these Articles does not invalidate or revoke any such resolution, notice, appointment or other thing, nor remove any officer of the Company from office.
- 2 **Model Articles and the Schedule**
- 2 1 The Model Articles, as modified by these Articles, apply to the Company All other regulations are excluded. These Articles together with the Model Articles as modified constitute the Articles of the Company.
- 2.2 The Articles set out in the Schedule form part of these Articles. The Schedule is to be construed as one with these Articles.

## **The Company's name**

### **3 Change of name**

- 3 1 The Company may change its name by special resolution.

## **Directors**

### **4 Shareholders' reserve power**

- 4.1 Subject to the Act and the Articles, the shareholders can authorise or ask the directors to take, or refrain from taking, specified action but they do not have power to give binding directions Article 4 of the Model Articles does not apply
- 4.2 Subject to the Act and Article 4.1, the shareholders can override the Articles in relation to a particular matter by special resolution.

### **5 Directors may delegate**

- 5 1 The directors may appoint a director to the office of chief executive or managing director, and a chief executive or managing director shall have delegated authority to make day-to-day decisions and to enter into contracts or arrangements in the ordinary course of the Company's business, subject to any specific directions or limitations given to him by the directors.
- 5.2 Article 5 of the Model Articles applies with the replacement of the word "powers" with "powers, authorities and discretions".
- 5 3 The authority to sub-delegate referred to in Article 5(2) of the Model Articles may be implied if it is not specified.
- 5.4 Article 5(3) of the Model Articles applies with the addition at the end of the words "but anyone dealing with a delegate in good faith without notice of the revocation or alteration is not affected by it".

### **6 Number of directors**

- 6 1 The minimum number of directors is two and the maximum number is two. The minimum number of directors may be changed by decision of the directors or by special resolution, but the directors may not reduce a minimum number fixed by special resolution.
- 6.2 If ever there are fewer directors than the minimum, or if there is no director who is a natural person, the directors must not take any decision other than a decision to appoint additional directors, to call a general meeting to appoint additional directors or to propose a decision under Article 8 of the Model Articles to appoint additional directors.

**7 Unanimous decisions**

- 7.1 Where a decision takes the form of a resolution in writing, the Eligible Directors need not all sign the same copy Article 8(2) of the Model Articles is to be read accordingly.
- 7.2 In Article 8 of the Model Articles “eligible director” has the same meaning as in these Articles. Article 8(3) of the Model Articles does not apply.

**8 Calling a directors’ meeting**

- 8.1 Notice of a directors’ meeting may be given to a director by any means reasonably calculated to come to his attention within a reasonable time. Notice need not be in writing. It is not necessary to give notice of a directors’ meeting to a director who is known to be absent from his usual address and with whom the Company is unable to communicate using reasonable diligence. Article 9 of the Model Articles is to be read accordingly.
- 8.2 Meetings of directors shall normally be held at the registered office once a month according to a schedule agreed annually by the directors.
- 8.3 Unless agreed otherwise by a director or directors who would constitute a quorum at the meeting, a meeting of the directors.
- 8 3 1 shall be convened by notice in writing given to all directors not less than 14 days before the meeting (or by a schedule under Article 8.2), and
- 8 3.2 shall have an agenda circulated to all directors, accompanied by relevant supporting documents, not less than seven days before the meeting.

**9 Quorum for directors’ meetings**

- 9 1 The quorum for directors’ meetings may be set or changed by decision of the directors Unless set at a higher number, it is one.
- 9.2 If there is for the time being a Majority Director holding office, a quorum is not present at a directors’ meeting unless the Majority Director or his alternate is present, unless the Majority Director or his alternate waives this requirement.
- 9.3 If and for so long as the number of directors eligible to be counted in the quorum is fewer than the quorum fixed by or under Article 9.1, the quorum is the number of directors eligible to be counted
- 9.4 If the quorum is one, one director may constitute himself as a meeting
- 9 5 Articles 11(2) and (3) of the Model Articles do not apply.

**10 Chairing of directors’ meetings**

- 10.1 The Majority Director (or his alternate) if present and willing to act shall be the chairman of directors’ meetings. Otherwise the directors present may appoint a director to chair their



meetings. The person so appointed for the time being is known as the chairman. The directors may terminate the chairman's appointment at any time.

10.2 Article 12 of the Model Articles does not apply.

## **11 Casting vote**

11.1 If the numbers of votes for and against a proposal at a directors' meeting are equal, the Majority Director (or his alternate) if present has a casting vote

11.2 But this does not apply if in accordance with the articles, the Majority Director (or his alternate if applicable) is not to be counted as participating in the decision-making process for quorum or voting purposes.

11.3 Article 13 of the Model Articles does not apply.

## **12 Sole directors**

12.1 If at any time permitted Article 6, a sole director who is a natural person has and may exercise all the powers, duties and discretions of the directors.

12.2 Without prejudice to Article 7(2) of the Model Articles, a sole director may constitute himself as a meeting and constitutes a quorum

## **13 Appointment and removal of directors**

13.1 The Majority Holder may at any time:

13.1.1 appoint any one natural person who is willing to act as a director, and is permitted by law to do so, to be the Majority Director; and/or

13.1.2 appoint any one natural person who is willing to act as a director, and is permitted by law to do so, to be the Minority Director; and/or

13.1.3 remove any director appointed by him (or by his predecessor as Majority Holder, as the case may be) notwithstanding anything in the Articles or in any agreement between the director and the Company

This power must be exercised by notice in writing signed by the shareholder or shareholders or, in the case of a corporate holder, by one of its directors on its behalf and deposited at the registered office or delivered at a meeting of the directors or at a general meeting of the Company to any director or to the secretary

13.2 This power is in addition to Articles 17 and 18 of the Model Articles, but the powers of appointment conferred by Article 17 of the Model Articles may only be exercised to fill a vacancy in default of an appointment under this Article 13.

- 13.3 A person ceases to be a director not only upon the happening of any of the events mentioned in Article 18 of the Model Articles (as modified by these Articles) but also if he is removed from office under the Articles
- 13.4 Articles 18(c) and (d) of the Model Articles (ceasing to be a director upon composition with creditors or medical opinion as to unfitness) do not apply. A person ceases to be a director if in the reasonable opinion of the other directors, having made such enquiries as they consider appropriate in the circumstances, that person has become physically or mentally incapable of acting as a director and may remain so for more than three months, and the other directors decide that he ceases to be a director.
- 13.5 No body corporate may be a director.
- 14 **Remuneration of directors**
- 14.1 Article 19(5) of the Model Articles (directors not accountable for remuneration) applies with the substitution of "Related Companies" for "the company's subsidiaries"
- 14.2 Without prejudice to Article 36, the Company must pay the expenses referred to in Article 20 of the Model Articles, but is not obliged to pay expenses which are incurred in breach of the terms of any agreement, policy or decision of the directors by which the director is bound. Article 20 of the Model Articles is to be read as including expenses incurred in relation to any of the Company's subsidiaries (or its meetings) as well as to the Company, but this applies only to the extent that the subsidiary is not bound to provide a similar indemnity to the director or fails to do so
- 15 **Conflicts of interest**
- 15.1 This Article 15 sets out provisions for dealing with conflicts of interest. It applies to
- 15.1.1 an existing or proposed transaction or arrangement with the Company requiring a declaration of interest under section 177 or 182 of the Act (or which would require a declaration if it were not exempted by section 177(6)(b) or (c) or section 182(6)(b) or (c) of the Act) (a **Transaction**);
- 15.1.2 a matter or situation which would, if not authorised, involve a director breaching his duty under section 175 of the Act to avoid conflicts of interest (a **Conflict**, which, for the avoidance of doubt, does not include a Transaction); and
- 15.1.3 acceptance of a benefit from a third party which would, if not authorised, involve a director breaching his duty under section 176 of the Act not to accept certain benefits from third parties (a **Benefit**).
- 15.2 In this Article 15 an **Interested Director** is a director who has a duty in relation to a particular Transaction, Conflict or Benefit
- 15.3 The directors may authorise a Conflict.

- 15 4 The directors may authorise the receipt by a director of a particular Benefit.
- 15 5 Provided he has declared the nature and extent of his interest as required (and if required) by the Act, and (if the authorisation also involves a Conflict) subject to Article 15.6, an Interested Director is entitled to vote at a meeting (and may be counted in the quorum at the meeting) or to participate in any unanimous decision:
- 15.5.1 on a Transaction in which he has an interest,
- 15.5.2 authorising a Benefit; or
- 15.5.3 otherwise relating to a matter in which he has an interest
- 15.6 An Interested Director may not be counted in the quorum for the meeting (or for the part of a meeting) at which authorisation of a Conflict is considered and the authorisation is not effective unless it is agreed to without any Interested Director voting or would have been agreed to if any Interested Director's vote had not been counted. A unanimous decision under Article 8 of the Model Articles is effective even if an Interested Director does not participate in the decision.
- 15 7 If any Transaction or Conflict is authorised or otherwise permitted under the Articles, or if authorisation is to be discussed at a meeting of the directors, the Interested Director may (but is not obliged to).
- 15.7 1 absent himself from any meeting or part of a meeting of the directors at which anything relating to the Transaction or Conflict will be discussed; or
- 15.7.2 make such arrangements as he thinks fit so as not to receive documents or information relating to the Transaction or Conflict.
- 15 8 Subject to Article 15.9, the following are not regarded as giving rise to a Conflict or as acceptance of a Benefit likely to give rise to a conflict of interest, and are authorised:
- 15 8 1 a director being and acting as a director, employee or otherwise engaged in a Related Company and discharging his duties as such, or being a shareholder in, or otherwise interested in, a Related Company, in each case whether or not the business or interests of the Related Company compete or conflict with the business or interests of the Company, and the director receiving remuneration or benefits as such;
- 15 8 2 a director being and acting as a director, employee or otherwise engaged in any other undertaking and discharging his duties as such, or being a shareholder in, or being otherwise interested in, in any other undertaking, in each case where the business or interests of that undertaking do not compete or conflict with the business or interests of the Company (and a trademark licensing business not involving Lambretta or any other motorcycle or scooter brand shall be deemed not to compete or conflict with the business or interests of the Company), and the director receiving remuneration or benefits as such;

- 15.8.3 a director being a trustee of any pension scheme, life assurance scheme, employee benefit trust, employees' share scheme or other trust or arrangement providing benefits to employees of the Company or any Related Companies, and the director receiving remuneration or benefits as such,
  - 15.8.4 arrangements under which benefits are made available to employees and directors or former employees and directors of the Company or any Related Companies which do not provide special benefits for directors or former directors;
  - 15.8.5 a director being a party to a transaction or arrangement with, or otherwise interested in, any transaction with a Related Company;
  - 15.8.6 a director representing the interests of one or more direct or indirect shareholders of the Company, taking those interests into account when acting as a director and sharing information with a shareholder whose interests he represents,
  - 15.8.7 a director acting (personally or by his firm or company) in a professional capacity for the Company or a Related Company (otherwise than as auditor) and receiving remuneration for professional services as if he were not a director;
  - 15.8.8 a director receiving non-cash gifts, entertainment or hospitality that may fairly be construed as fostering the Company's (or a Related Company's) business relationships with suppliers, customers and others or that are received in the ordinary course of the performance of his duties which in either case are reasonable in value and are not likely to give rise to a suspicion of improper influence over the decisions of the director;
  - 15.8.9 a guarantee by a director in respect of an obligation incurred by or on behalf of the Company or any Related Company;
  - 15.8.10 a director subscribing for, or an agreement by a director to subscribe, underwrite, sub-underwrite, or guarantee subscription for, shares or other securities of the Company or any Related Company, and
  - 15.8.11 any actual or potential Conflict or Benefit which may reasonably have been expected (at the time of authorisation, based on the information made available) to arise out of a Transaction, Conflict or Benefit authorised by the directors or by the shareholders (provided that no Conflict can be deemed authorised by the directors in this way unless the authorisation complied with Article 15.6).
- 15.9 The exceptions in Article 15.8 have effect subject to:
- 15.9.1 any service agreement, shareholders' agreement or other agreement by which the Interested Director is bound;
  - 15.9.2 any code of conduct, rules or procedures adopted by the Company from time to time regulating the conduct of directors (or any of them) or imposing conditions or financial or other limits on any of the exceptions in Article 15.8;

- 15.9.3 any express prohibition by the directors;
  - 15.9.4 any conditions imposed by the directors on the exceptions in Article 15.8,
  - 15.9.5 compliance (if required) with Chapter 4 of Part 10 of the Act (transactions with directors requiring approval of shareholders);
  - 15.9.6 the Interested Director having declared the nature and extent of his interest in any relevant Transaction as required by the Act; and
  - 15.9.7 where the matter or circumstance involves a Related Company, compliance with any legal requirements in relation to conflicts of interest applicable to any relevant Related Company or in the constitution of any relevant Related Company.
- 15.10 The directors may revoke or vary the authorisation of a Conflict or Benefit by the directors or by Article 15.8 at any time, but this will not affect anything done or agreed to be done by the Interested Director in accordance with the terms of the authorisation before the revocation or variation.
- 15.11 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
- 15.11.1 disclose such information to the Company; or
  - 15.11.2 use or apply any such information in performing his duties as a director,
- where to do so would amount to a breach of that confidence.
- 15.12 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from a Transaction or Conflict or for a Benefit unless he is in breach of his duties under any of sections 175 to 177 inclusive of the Act, and a transaction or arrangement is not liable to be set aside by virtue of any common law rule or equitable principle requiring the consent or approval of the shareholders of the Company if it is authorised by or in accordance with the Articles or if it does not require authorisation by the directors or shareholders because of an applicable exemption in the Act.
- 15.13 At any meeting (or part of a meeting) proposing to authorise a director's Conflict, if there are fewer Eligible Directors in office than the quorum for the meeting, the quorum is the number of Eligible Directors.
- 15.14 Any reference in this Article 15 to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 15.15 Paragraphs (1) to (5) of Article 14 of the Model Articles (conflicts of interest) do not apply Paragraphs (6) and (7) apply to the rights of directors to participate as modified by this Article 15

**16 Associate directors**

- 16.1 The directors can give a title that includes the word "director" to an employee or other person who is not a director. Such a person is not a director of the Company, does not have the duties or powers (express or implied) of a director and is not a member of the board of directors.

**17 Secretary**

- 17.1 The directors may appoint any person who is willing to act as the secretary (or as joint secretaries) and may from time to time remove the secretary (or a joint secretary) and, if the directors so decide, appoint a replacement. A secretary may resign by notice to the directors, subject to the terms of any agreement by which he is bound. The Company need not have a secretary.

**Shares**

**18 Variation of class rights**

- 18.1 Subject to Article 18.3, the rights attached to a class of the Company's shares may only be varied if the holders of shares of that class consent to the variation in accordance with section 630 of the Act

**18.2 Unless otherwise provided by the Articles or the terms of issue of the shares**

18.2.1 the rights attached to a class of shares are deemed to be varied by a reduction of capital paid up on those shares or on shares ranking equally with them or behind them;

18.2.2 the rights attached to a class of shares are deemed to be varied by the allotment of further shares ranking equally with them or in priority to them;

18.2.3 the rights attached to a class of shares are deemed not to be varied by the allotment of further shares ranking behind them;

18.2.4 the rights attached to a class of shares are deemed to be varied by any increase in the rate per share of dividend payable on shares ranking equally with them or in priority to them; and

18.2.5 the rights attached to a class of shares are deemed to be varied by the purchase by the Company of shares ranking equally with them or in priority to them.

- 18.3 No consent is needed under section 630 of the Act to any variation of the rights attached to a class of shares by a special resolution of the shareholders on which only the holders of shares of that class are entitled to vote.

- 18.4 In this Article 18 references to an allotment include the grant of a right to subscribe for shares or to convert any security into shares but do not include an allotment of shares pursuant to

a right to subscribe for shares or to convert any security into shares where consent under section 630 of the Act was given, or no consent was needed, to the grant of the right.

- 18.5 The provisions of the Articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of shares

**19 Share certificates**

- 19.1 No fee is payable for a replacement share certificate. Article 25(2)(c) of the Model Articles is modified.

**20 Partly paid shares**

- 20.1 The Company may allot shares fully paid, partly paid or nil paid. Article 21 of the Model Articles does not apply. The Schedule contains further provisions relating to partly-paid shares.

- 20.2 If shares are not fully paid, the share certificate for them must state the amount paid up on them or that they are nil paid. Article 24(2)(c) of the Model Articles is modified.

- 20.3 An instrument of transfer of shares which are not fully paid must be executed by or on behalf of the transferee. Article 26(1) of the Model Articles is modified.

- 20.4 As an addition to Article 36(4) of the Model Articles, a capitalised sum which was appropriated from profits available for distribution may also be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled, and Article 36(5)(a) of the Model Articles applies accordingly

**Issue of shares**

**21 Further issues of shares: authorisation**

- 21.1 Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may only issue shares with such rights or restrictions as may be set out in the Articles or determined by special resolution. Article 22(1) of the Model Articles does not apply.

- 21.2 Subject to Article 21.9, when authorised to allot shares by the Articles, by the Act or by special resolution, the directors may exercise any power of the Company to allot shares or to grant rights to subscribe for shares or to convert any security into shares to anyone at any time and on any terms as the directors decide. This Article 21.2 is not itself authorisation for any allotment.

- 21.3 Except as authorised by the Articles or by special resolution, the directors must not exercise any power to allot shares or to grant rights to subscribe for shares or to convert any security into shares.

21.4 Article 21.3 does not apply to:

21.4.1 an allotment of shares in pursuance of an employees' share scheme approved by special resolution or the grant of a right to subscribe for shares so allotted or to convert any security into shares so allotted; or

21.4.2 an allotment of shares pursuant to a right to subscribe for shares or to convert any security into shares where Article 21.3 applied in relation to the grant of the right.

The directors may allot shares or grant any such right as permitted by this Article 21.4 in addition to any other authority given by the Articles or by special resolution, but they may not allot shares or grant any such right under the power granted by section 549(2) of the Act unless the employees' share scheme in question has been approved by special resolution or the allotment or grant is otherwise authorised by the Articles or by special resolution.

21.5 Subject to the remaining provisions of this Article 21 and to Article 21.9, the directors are generally and unconditionally authorised, for the purposes of section 551 of the Act and generally, to exercise any power of the Company to allot, or to grant rights to subscribe for or to convert any security into, shares of the same class and nominal value as, and ranking in the same way in all respects with, any existing shares

21.6 The authorisation in Article 21.5:

21.6.1 is limited to a maximum nominal amount of £100.00 (in addition to any allotment in pursuance of an employees' share scheme or any grant of a right to subscribe for shares so allotted or to convert any security into shares so allotted);

21.6.2 can be renewed, varied or revoked by special resolution, and

21.6.3 unless renewed, will expire five years from the Adoption Date, but the Company may make an offer or agreement which would or might require shares to be allotted or rights to subscribe for shares so allotted or to convert any security into shares to be granted after the authorisation has expired (and the directors may allot shares or grant rights in pursuance of such an offer or agreement after authorisation has expired).

21.7 This Article 21 does not affect the validity of any allotment or other transaction.

21.8 When allotting any shares the directors may

21.8.1 decide that the new shares will not receive a particular dividend or will rank for dividend as from a particular date or that the new shares will receive a proportionate part of a dividend which is deemed to accrue over a period in respect of which the dividend is paid,

21.8.2 allot the shares partly paid or nil paid and decide any terms of payment; or

21.8.3 determine the terms, conditions and manner of redemption of the shares if (under the rights attaching to them as set out in the Articles or determined by special resolution) the new shares are to be redeemable;



and the new shares are not (because of that) to be treated as a separate class of shares or as having different rights and restrictions or a different ranking from other shares.

- 21.9 This article 21 applies to a sale by the Company of Treasury Shares as it applies to the allotment of shares, and to the grant by the Company of a right to purchase Treasury Shares as it applies to the grant of a right to subscribe for shares, and the Company may not sell or agree to sell Treasury Shares unless the directors are for the time being authorised to allot shares of the same class by the Articles, by the Act or by special resolution (except that a sale of Treasury Shares shall not be subject to, nor count towards, any maximum nominal amount of any authorisation to allot shares) or the directors are authorised by the Articles or special resolution to sell Treasury Shares. An offer or agreement to allot shares or a right to subscribe for shares may be satisfied (in whole or in part) by the sale of Treasury Shares of the same class for the same price. The Company may agree to pay any stamp duty on a transfer of Treasury Shares or make other arrangements to place a purchaser of Treasury Shares in the same position as if he had subscribed for new shares.

**22 Further issues of shares: pre-emption rights**

- 22.1 In this Article 22 **equity securities** and references to **allotment** have the same meanings as in section 560 of the Act.
- 22.2 As permitted by section 567(1) of the Act, sections 561 and 562 of the Act do not apply to an allotment of equity securities by the Company.

**Transmission of shares**

**23 Requiring recipients to be registered or transfer**

- 23.1 The directors may at any time give notice requiring any person who has become entitled to a share in consequence of the death or bankruptcy of a shareholder to exercise the rights to become the holder of the shares or to have them transferred under Articles 27(2)(a) and 28 of the Model Articles.
- 23.2 If the notice is not complied with within 90 days, the directors may withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been satisfied.

**Transfer of shares**

**24 Discretion to refuse registration**

- 24.1 The power to refuse registration of transfers in Article 26(5) of the Model Articles may be exercised by the directors in their absolute discretion. It does not apply if these Articles specify that the directors must register a transfer.

- 24.2 In addition to any other power to refuse registration, the directors may refuse to register a transfer if, in connection (directly or indirectly) with the transfer, the Company or any Related Company (the **Employer**) is obliged to pay or account for Tax, and the Employee has not paid to the Employer (or suffered by deduction) the amount of the Tax. In this Article 24.2 Tax means income tax, national insurance contributions or any other tax
- 24.2.1 for which the employer is accountable on behalf of the transferor or transferee or any associate of either of them (the **Employee**), or
- 24.2.2 payable by the employer in relation to the Employee and against which the Employee has lawfully agreed to indemnify the Employer.
- 24.3 Article 24.2:
- 24.3.1 is subject to the terms of any agreement or scheme under which the shares are allotted or transferred which is binding on the Company or the Employer;
- 24.3.2 does not apply to the extent that it would cause any employees' share scheme not to qualify for approval or favourable tax treatment under any applicable tax code or would cause a material tax disadvantage to the Employer or Employee; and
- 24.3.3 does not apply to a right to acquire shares granted under an employees' share scheme or to shares acquired under an employees' share scheme before the adoption of these Articles, except to the extent that an equivalent provision existed before that date.
- 25 **Investigation of shareholdings**
- 25.1 The directors may by notice in writing require any shareholder to indicate in writing, supported (if the directors so require) by a statutory declaration, any or all (as the directors require) of the following:
- 25.1.1 the capacity in which the shareholder holds any shares;
- 25.1.2 the nature and extent of the interest of any other person in those shares (including the name and address of any such person);
- 25.1.3 the nature and extent of any interest of the shareholder in any shares of the Company not held by him; and
- 25.1.4 such information as the directors may reasonably require enabling them to determine whether the provisions of the Articles relating to the transfer and transmission of shares have been complied with upon the acquisition or creation of any interest in any shares held by the shareholder or in any shares in which he has an interest.
- 25.2 The notice must state a reasonable time within which the shareholder is required to reply and must draw attention to the sanctions provided in this Article 25 if the shareholder does not comply. If at the end of that time the shareholder has not complied in full with the notice,

or the directors are not satisfied that they have all the information (whether or not within the shareholder's knowledge) requested in the notice and that such information is true, or if the directors are of the opinion that the provisions of the Articles relating to the transfer and transmission of shares have not been complied with in relation to any shares held by the shareholder or in which he has an interest, the directors may impose upon the shareholder any or all of the following sanctions:

- 25.2.1 suspension of the right to receive notice of, attend, speak or vote at any meeting of the Company;
- 25.2.2 suspension of the right to receive any dividend or other distribution, the shareholder's part of any such dividend or other distribution being retained by the Company for the period of the suspension without any liability to pay interest thereon;
- 25.2.3 suspension of registration of transfers of shares or of renunciation of rights to the allotment of shares by or to the shareholder concerned or in which the directors have reason to believe the shareholder is interested; and
- 25.2.4 suspension of right of the shareholder to be offered opportunities to subscribe for or to purchase shares.

25.3 Such sanctions continue until such time as the directors are satisfied that they have all the information required by the notice, that such information is true, and that the provisions of the Articles relating to the transfer and transmission of shares have been complied with and (unless the directors are satisfied, in their absolute discretion and without being required to give any reason, that the shareholder and all persons interested in the shares used all due diligence to comply with the notice within the time specified and as soon as practicable thereafter) for three months thereafter. The directors may in their absolute discretion terminate, suspend or relax any such sanction (whether or not subject to any conditions) and may resolve any practical difficulty arising in the application of this Article (or in the application of any other Article or of the Act in relation to a shareholder to whom sanctions have been applied under this Article) as they think fit. The directors shall terminate, suspend or relax any such sanction (whether or not subject to any conditions) in such manner as they consider appropriate if they are satisfied that it unfairly affects the rights of innocent third parties in respect of the shares in question.

25.4 Articles 25.1 to 25.3 are in addition to the powers and duties of the Company under Part 21A of the Act and Schedule 1B to the Act. A notice given by the Company to a shareholder under section 790D or 790E of the Act shall be deemed also to be a notice under Article 25.1 to the extent that it requests information of a kind referred to in Article 25.1, and a restrictions notice given to a shareholder under paragraph 1 of Schedule 1B to the Act shall also be deemed to be the imposition of sanctions under Article 25.2. Sanctions under Article 25.2 may be imposed, continued, terminated, suspended or relaxed by the directors independently of any sanctions imposed under Schedule 1B to the Act.

- 25.5 Where a share (a **Relevant Share**) is for the time being subject to a restriction notice given under Schedule 1B to the Act to its holder (the **Relevant Shareholder**) or to another person who holds a relevant interest in the Company by reference to that share then, notwithstanding anything in the Articles
- 25.5.1 that share shall not confer the right to receive notice of, attend, speak or vote at any meeting of the Company,
- 25.5.2 no transaction or proceeding of the Company shall be invalid or otherwise affected by the Relevant Shareholder's inability to participate in it or to consent to it and the Articles shall, where necessary, apply as if the Relevant Shareholder were not a Shareholder and/or the Relevant Shares were not in issue;
- 25.5.3 except where required by the Act, the consent of the Relevant Shareholder (in a capacity as shareholder) is not required to any transaction or proceeding of the Company under the Articles or in any Shareholders' Agreement and the Articles or any Shareholders' Agreement shall, where necessary, apply as if the Relevant Shareholder were not a Shareholder and/or the Relevant Shares were not in issue,
- 25.5.4 references in the Articles to a percentage or proportion of the shares, or of the shares of a particular class, or of the votes attaching to shares or shares of a particular class shall be calculated excluding the Relevant Shares,
- 25.5.5 any obligation under the Articles or in any Shareholders' Agreement in relation to the transfer of Relevant Shares shall be suspended to the extent (but only to the extent) that compliance with it would contravene Schedule 1B to the Act, but shall remain binding upon the shareholder and any other person bound by it and shall be performed as soon as is lawful;
- 25.5.6 no time limit in the Articles or in any Shareholders' Agreement shall run against the Company or any person other than the Relevant Shareholder in relation to any right or matter affected by the restriction notice, but time limits shall continue to run against the Relevant Shareholder, so that any right of the Relevant Shareholder (including any right to participate in the issue of shares or other securities) may be lost if a relevant time limit expires before the right can lawfully be exercised;
- 25.5.7 payment of any sums due from the Company in respect of the Relevant Share, whether in respect of capital or otherwise, including any dividend, shall be suspended until it may lawfully be paid, without any liability to pay interest on it, and
- 25.5.8 the Relevant Shareholder shall remain liable to pay any sum due to the Company or to any other shareholder in respect of the Relevant Share (free from any set-off or counterclaim in respect of any payment or other obligation which cannot be made or performed due to sanctions under Schedule 1B to the Act or under this Article 25 in respect of the Relevant Share) and to perform any other obligation (performance of which is not prevented by Schedule 1B to the Act or

under this Article 25) to the Company or to any other shareholder in respect of the Relevant Share.

**26 Purchase of the Company's own shares**

- 26.1 The Company may (in addition to purchases using any other permitted method of financing the purchase) exercise the power to purchase its own shares with cash up to an amount in a financial year not exceeding the lower of £15,000 or the value of 5% of the Company's share capital (or such other amount as may for the time being be fixed by the Act for this purpose).
- 26.2 Any shares purchased by the Company shall be cancelled and not held as Treasury Shares.

**Dividends and other distributions**

**27 Dividends**

- 27.1 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.
- 27.2 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. Article 30 of the Model Articles does not apply.
- 27.3 A share can be issued or a Treasury Share sold on terms providing that it ranks for dividend as from a particular date.
- 27.4 Article 31(1) of the Model Articles applies with the omission of the words "either in writing or as the directors may otherwise decide" wherever they occur. The Company need not act on a dividend payment instruction given otherwise than in writing, and is not liable for any error arising from an instruction given otherwise than in writing.

**28 Capitalisation of profits**

- 28.1 As an addition to Article 36(4) of the Model Articles, a capitalised sum which was appropriated from profits available for distribution may also be applied in or towards paying up any amounts unpaid on existing shares held by the persons entitled, and Article 36(5)(a) of the Model Articles applies accordingly.

**Decision-making by shareholders**

**29 Written resolutions**

- 29.1 A written resolution is not invalidated by failure to send a copy of the proposed resolution to the auditors.

- 29.2 Where there are joint holders of a share, any of the joint holders may sign a written resolution on behalf of all the joint holders of that share and may receive on their behalf any document which is required by the Act to be supplied to the joint holders in connection with the written resolution
- 30 **Notice of general meetings**
- 30.1 A general meeting (other than an adjourned meeting) must be called by notice of at least 14 days.
- 30.2 A general meeting may be called by shorter notice than that otherwise required if shorter notice is agreed by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority who together hold not less than 90% in nominal value of the shares giving a right to attend and vote at the meeting. The agreement of any one of the joint holders of a share to shorter notice is deemed the agreement of all of them in respect of that share.
- 30.3 Notice of a general meeting must state the time and date of the meeting, the place of the meeting and the general nature of the business to be dealt with at the meeting.
- 30.4 Notice of a general meeting is not invalidated by failure to provide a copy of it to the auditors.
- 31 **Poll votes**
- 31.1 Article 44(3) of the Model Articles is amended by the insertion of the words "A demand so withdrawn does not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that Article.
- 32 **Proxies**
- 32.1 The appointment of a person as proxy for a shareholder must be by notice in writing (a **Proxy Notice**).
- 32.2 The Company may require reasonable evidence of
- 32.2.1 the identity of the shareholder and of the proxy;
- 32.2.2 the shareholder's instructions (if any) as to how the proxy is to vote; and
- 32.2.3 where the proxy is appointed by a person acting on behalf of the shareholder, authority of that person to make the appointment.
- If the directors or the chairman of the meeting are not satisfied with the evidence provided they may rule the Proxy Notice invalid.
- 32.3 The Proxy Notice must be
- 32.3.1 notified to the Company at an address specified for the purpose in the notice of meeting or in any form of Proxy Notice supplied by the Company (or if no address

is specified for delivery of Proxy Notices in hard copy form, at the registered office) no later than:

32.3.1.1 48 hours before the time for holding the meeting or adjourned meeting;

32.3.1.2 in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll, or

32.3.1.3 in the case of a poll taken not more than 48 hours after it was demanded, the time at which it was demanded; or

32.3.2 delivered in hard copy form before the commencement of the proceedings to any director or to the secretary at the place appointed for the holding of the meeting or adjourned meeting or the taking of the poll.

32.4 In calculating the periods mentioned in Article 32.3.1 no account shall be taken of any part of a day that is not a working day.

32.5 Articles 45(1), 45(2) and 46(4) of the Model Articles do not apply.

### **33 Quorum at general meetings**

33.1 Two qualifying persons, as defined in section 318 of the Act, are a quorum at a general meeting, subject to the qualifications in subsection (2) of that section.

33.2 If a general meeting is adjourned under Article 41(1) of the Model Articles (lack of quorum) and a quorum is not present within half an hour of the time at which the resumed meeting was due to start, any qualifying person is a quorum if he is entitled to cast more than one half of the number of votes which might be cast at the meeting upon the business to be transacted; or otherwise, the meeting must be dissolved.

### **34 Chairing general meetings**

34.1 A proxy or a representative appointed under section 323 of the Act may be appointed to chair a general meeting under Article 39(2) of the Model Articles.

## **Administrative arrangements**

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

35.1 Section 1147 of the Act (deemed delivery of documents and information) does not apply to any documents or other information sent or supplied by the Company to its shareholders (in their capacities as shareholders) or to any documents or other information sent or supplied by the Company under the Articles which is not authorised or required by any provision of the Act. Instead

- 35.1.1 where the document or information is sent by post from within the United Kingdom, 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 48 hours after it was posted; if sent by post from outside the United Kingdom it is deemed to have been received on the fifth business day after it was posted,
- 35.1.2 where the Company is able to show that the document or information was delivered by hand, it is deemed to have been received by the intended recipient when it was given personally to the intended recipient (or any person authorised to receive it on his behalf) or when it was left at the appropriate address,
- 35.1.3 where the document or information is sent or supplied by electronic means, and the Company is able to show that it was properly addressed and was transmitted by the Company or its agent to the internet or to a public telecommunications network, it is deemed to have been received by the intended recipient four hours after it was sent; and
- 35.1.4 where the document or information is sent or supplied by means of a website, it is deemed to have been received by the when the material was first made available on the website or, if later, when the intended recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

In calculating a period of hours for the purposes of this Article 35 1, no account is to be taken of any part of a day that is not a working day.

- 35.2 Where a document or other information is deemed received (by the Act or by the Articles) it is conclusively presumed to have been received notwithstanding any evidence to the contrary, and no meeting or other proceeding is invalidated by the non-receipt or delayed receipt of the document or other information. In proving that any document or other information sent or supplied by the Company was properly addressed, it is sufficient to show that the document or information was directed to an address permitted for the purpose by the Act. A shareholder who gives to the Company an address (other than his registered address) at which documents and other information may be sent or supplied to him in hard copy form is entitled to have all documents or other information sent or supplied by the Company to him (in his capacity as a shareholder) at that address, to the exclusion of his registered address. No shareholder is entitled to require that notices be given to him by electronic means. The Company is not obliged to send any notice or other document to a shareholder whose registered address is outside the United Kingdom or to an address outside the United Kingdom if the directors reasonably consider that it is or may be unlawful under any applicable law to do so, and no such shareholder is entitled to receive any such notice or other document from the Company.

## **36 Indemnity**

- 36.1 Subject to Articles 36.2 to 36.4 and 36.7, every director is entitled to be indemnified out of the Company's assets against all liability incurred by the director to a person other than the Company or an associated company, to the extent that it is:



- 36.1.1 liability to a person other than the Company or an associated company incurred:
    - 36.1.1.1 in the course of the exercise of his powers and the discharge of his responsibilities in relation to the Company or any of the Company's subsidiaries, which is not a liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company;
    - 36.1.1.2 in defending any civil or criminal proceedings alleging negligence, default, breach of duty or breach of trust in relation to the Company or any of its subsidiaries in which judgment is given in his favour or in which he is acquitted;
    - 36.1.1.3 in connection with any application for relief in relation to the Company or any of its subsidiaries in which the court grants him relief,
  - 36.1.2 in relation to the Company's or any associated company's activities as trustee of an occupational pension scheme; or
  - 36.1.3 as a trustee, or as a director of a body corporate that is a trustee, of any trust established or contributed to by the Company or any associated company (including but not limited to an occupational pension scheme, a pension fund or an employees' share scheme) that provides benefits for employees or former employees (or their families and dependants) of the Company or any associated company or any class of them, which is not a liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any associated company.
- 36.2 Article 36.1 does not provide any indemnity against
- 36.2.1 any liability of the director to pay
    - 36.2.1.1 a fine imposed in criminal proceedings, or
    - 36.2.1.2 a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or
  - 36.2.2 any liability incurred by the director in defending criminal proceedings in which he is convicted.
- 36.3 Article 36.1 1 does not provide any indemnity against any liability incurred by the director
- 36.3.1 in defending civil proceedings brought by the company, or an associated company, in which judgment is given against him; or
  - 36.3.2 in connection with an application for relief in which the court refuses to grant him relief.

- 36.4 Article 36.1.1.1 does not entitle a director to be indemnified against travel, hotel, entertaining or other out-of-pocket expenses except to the extent that they are reasonable expenses which the director properly incurs and which are not incurred in breach of the terms of any agreement, policy or decision of the directors by which the director is bound.
- 36.5 Subject to Article 36.7, the Company may provide a director with funds to meet expenditure incurred or to be incurred by him in connection with defending any civil or criminal proceedings alleging negligence, default, breach of duty or breach of trust in relation to the Company or its associated companies or in connection with an application for relief and otherwise may take any action to enable any such director to avoid incurring such expenditure, in each case on the terms specified in section 205(2) of the Act.
- 36.6 Articles 36.1 and 36.5 are without prejudice to the directors' power to indemnify a director in other circumstances under Article 52 of the Model Articles and without prejudice to any other indemnity to which a director is entitled.
- 36.7 This Article 36 does not give or authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by law. It does not give any indemnity to a director in respect of his own fraud. Any indemnity in this Article 36 to a director in relation to any of the Company's subsidiaries applies only to the extent that the subsidiary is not bound to provide a similar indemnity to the director or fails to do so.
- 36.8 In this Article 36:
- 36.8.1 **director** includes a former director and an alternate director or former alternate director
  - 36.8.2 terms used in sections 234 and 235 of the Act (including associated company, application for relief, final decision in the proceedings and occupational pension scheme) have the same meanings; and
  - 36.8.3 references to a conviction, acquittal, judgment or grant or refusal of relief are to the final decision in the proceedings
- 36.9 Articles 52 and 53 of the Model Articles apply with the inclusion of an alternate director or former alternate director of the Company or any associated company within the definition of "relevant director".

## THE SCHEDULE

**Note not forming part of the Articles:** the Articles in this Schedule are based on the Model Articles for Public Companies in Schedule 3 to the Companies (Model Articles) Regulations 2008 (with amendments). They deal with topics not often needed by private companies but which can occasionally be important and which are not covered by the Model Articles for Private Companies.

### Part 1: Alternate Directors

#### Appointment and removal of alternates

- 1 Any director (the **appointor**) may appoint as an alternate any other director, or any other person approved by the directors, to:
  - 1 1 exercise that director's powers, and
  - 1 2. carry out that director's responsibilities,in relation to the taking of decisions by the directors in the absence of the alternate's appointor.
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.
3. A person who is nominated to be an alternate director who is not a director, before his appointment has been approved by the directors:
  - 3 1. may be counted in the quorum at the meeting and vote upon any resolution to approve his appointment if his appointor is not present, or
  - 3.2 may participate in any unanimous decision under Article 8 of the Model Articles to approve his appointment if his appointor does not participate in the decision.
- 4 A notice or document to be given to directors in relation to a meeting or decision of the directors is to be given to the appointor or to the alternate as the appointor directs, or (in the absence of a direction) to either of them, but need not be given to both.

#### Rights and responsibilities of alternate directors

5. An alternate director has the same rights, in relation to any directors' meeting or directors' decision, as the alternate's appointor.
- 6 Except as the Articles specify otherwise, alternate directors:
  - 6.1 are deemed for all purposes to be directors;
  - 6.2. are liable for their own acts and omissions,
  - 6.3 are subject to the same restrictions as their appointors, and

- 6.4. are not deemed to be agents of or for their appointors.
  - 7. A person who is an alternate director but not a director
    - 7.1 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
    - 7.2. may approve a decision under Article 8 of the Model Articles (but only if it is not approved or to be approved by that person's appointor).
- No alternate may be counted as more than one director for such purposes
- 8. A person who is an alternate for more than one director, or a director who is also an alternate director, is entitled (in the absence of his appointor), in addition to his own vote (if any), to a separate vote at a meeting of the directors on behalf of each appointor. An alternate may not vote on a decision if his appointor could not vote on it.
  - 9. An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company

#### **Termination of alternate directorship**

- 10 An alternate director's appointment as an alternate terminates
  - 10 1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - 10 2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - 10.3. on the death of the alternate's appointor; or
  - 10 4. when the alternate's appointor's appointment as a director terminates.

## **Part 2: Payment of commissions on subscription for shares**

### **Commissions**

- 11. The Company may pay any person a commission in consideration for that person
  - 11.1. subscribing, or agreeing to subscribe, for shares, or
  - 11.2. procuring, or agreeing to procure, subscriptions for shares.
- 12. Any such commission may be paid
  - 12.1 in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other, and

- 12.2. in respect of a conditional or an absolute subscription.

### **Part 3: Lien and forfeiture**

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

13. The Company has a lien ("the Company's lien") over every share (including a fully paid share) for any part of.
- 13.1. that share's nominal value and 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
- 13.2. any other money owing to the Company from a shareholder or his estate (whether the share is held in his sole name or jointly with others, whether the money is owed by him alone or jointly with any other person, whether it is owed as a shareholder or not and whether it is payable immediately or not).
- 14 The Company's lien over a share:
- 14.1 takes priority over any third party's interest in that share, and
- 14.2. 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.
- 15 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**

16. Subject to the provisions of this Part of this Schedule, if
- 16.1 a lien enforcement notice has been given in respect of a share, and
- 16.2. 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
17. A lien enforcement notice
- 17.1. 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,
- 17.2. must specify the share concerned;
- 17.3. must require payment of the sum payable within 14 days of the notice,
- 17.4 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

- 17.5. must state the Company's intention to sell the share if the notice is not complied with.
18. Where shares are sold under this Part of this Schedule:
- 18.1. 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
- 18.2. the transferee is not bound to see to the application of the consideration, and the
- 18.3. transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale
19. 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.
- 19.1 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,
- 19.2. 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.
- 20 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
- 20.1. is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
- 20.2. 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**

21. Subject to the Articles and the terms on which shares are allotted, the directors may send a notice (a "call notice") to a shareholder requiring the shareholder to pay the Company a specified sum of money (a "call") which is payable in respect any partly paid or nil paid shares which that shareholder holds at the date when the directors decide to send the call notice.
22. A call notice:
- 22.1. may not require a shareholder to pay a call which exceeds the total sum unpaid on that shareholder's shares (whether as to the share's nominal value or any amount payable to the Company by way of premium);
- 22.2. must state when and how any call to which it relates it is to be paid, and

- 22.3 may permit or require the call to be paid by instalments
  - 23 A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before 14 days have passed since the notice was sent
  - 24. Before the Company has received any call due under a call notice the directors may:
    - 24.1. revoke it wholly or in part, or
    - 24.2. specify a later time for payment than is specified in the notice,
- by a further notice in writing to the shareholder in respect of whose shares the call is made.

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

- 25 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- 26. Joint holders of a share are jointly and severally liable to pay all calls in respect of that share
- 27. 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:
  - 27.1 to pay calls which are not the same, or
  - 27.2. to pay calls at different times.

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

- 28. 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)
  - 28.1 on allotment,
  - 28.2. on the occurrence of a particular event, or
  - 28.3. on a date fixed by or in accordance with the terms of issue.

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**

- 29. If a person is liable to pay a call and fails to do so by the call payment date:
  - 29.1 the directors may issue a notice of intended forfeiture to that person, and
  - 29.2. until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate

30. For the purposes of this Part of this Schedule:
- 30.1. 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;
  - 30.2. the “relevant rate” is:
    - 30.2.1 the rate fixed by the terms on which the share in respect of which the call is due was allotted,
    - 30.2.2 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
    - 30.2.3. if no rate is fixed in either of these ways, 5 per cent per annum
  - 30.3. 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.
  - 30.4 The directors may waive any obligation to pay interest on a call wholly or in part

**Notice of intended forfeiture**

31. A notice of intended forfeiture
- 31.1. may be sent in respect of any partly paid or nil paid share in respect of which a call has not been paid as required by a call notice;
  - 31.2. 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;
  - 31.3. 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,
  - 31.4. must state how the payment is to be made, and
  - 31.5 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**

32. 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**

33. Subject to the Articles, the forfeiture of a share extinguishes:
- 33.1. all interests in that share, and all claims and demands against the Company in respect of it, and
  - 33.2. all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company
34. Any share which is forfeited in accordance with the Articles:
- 34.1. is deemed to have been forfeited when the directors decide that it is forfeited,
  - 34.2. is deemed to be the property of the Company, and
  - 34.3. may be sold, re-allotted or otherwise disposed of as the directors think fit.
35. If a person's shares have been forfeited:
- 35.1. the Company must send that person notice that forfeiture has occurred and record it in the register of members;
  - 35.2. that person ceases to be a shareholder in respect of those shares;
  - 35.3. that person must surrender the certificate for the shares forfeited to the Company for cancellation;
  - 35.4. 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
  - 35.5. 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
36. 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**

37. 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.
38. 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:
- 38.1. is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and

- 38.2. subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.
39. 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
40. 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:
- 40.1. was, or would have become, payable, and
- 40.2. 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**

41. A shareholder may surrender any share
- 41.1. in respect of which the directors may issue a notice of intended forfeiture,
- 41.2. which the directors may forfeit; or
- 41.3. which has been forfeited
42. The directors may accept the surrender of any such share
43. The effect of surrender on a share is the same as the effect of forfeiture on that share
44. A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

#### **Deductions from distributions in respect of sums owed to the Company**

45. If
- 45.1. a share is subject to the Company's lien, and
- 45.2. the directors are entitled to issue a lien enforcement notice in respect of it,
- 45.3. 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.
46. Money so deducted must be used to pay any of the sums payable in respect of that share
47. The company must notify the distribution recipient in writing of:

- 47.1 the fact and amount of any such deduction;
- 47.2 any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and
- 47.3. how the money deducted has been applied.