

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

DIGITAL SOFTWARE HOUSE LIMITED

(Adopted by special resolution passed on *23 December* 2013)

MONDAY



LD1 *L2NTVX76* 23/12/2013 #195
COMPANIES HOUSE

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires

Act: means the Companies Act 2006,

Appointor: has the meaning given in article 11(1),

Articles: means the company's articles of association for the time being in force,

business day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,

Conflict: has the meaning given in article 7.1,

Continuing Shareholder: has the meaning given in article 16.2 and Continuing Shareholder means any of them,

Director: means a director of the company,

Eligible Director: means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter),

Model Articles: means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles,

Price Notice: has the meaning given in article 16 3,

Sale Price: means the Proposed Sale Price or, following service of a Price Notice, the price per Sale Share determined in accordance with article 16 3,

Shareholder: means the holder of Shares,

Shares: means shares in the capital of the company, and

Valuers: means the auditors for the time being of the Company or, if they decline the instruction, an independent firm of accountants appointed by the Seller and by the Continuing Shareholder or, in the absence of agreement between them on the identity of the expert or its terms of appointment within 10 Business Days of the expiry of the 10 Business Day period following service of a Price Notice, an independent firm of accountants appointed, and whose terms of appointment are agreed, by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator)

- 1 2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles
- 1 3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1 4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1 5 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, taking account of
- (a) any subordinate legislation from time to time made under it, and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts

- 1 6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles
- 1 8 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 49, 52 and 53 of the Model Articles shall not apply to the company
- 1 9 Article 7 of the Model Articles shall be amended by
- (a) the insertion of the words "for the time being" at the end of article 7(2)(a), and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole Director)" after the words "and the Director may"
- 1 10 Article 20 of the Model Articles shall be amended by the insertion of the words "and the secretary" before the words "properly incur"
- 1 11 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1 13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name"
- 1 14 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the Directors may otherwise decide" Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the Directors decide"

DIRECTORS

2. UNANIMOUS DECISIONS

- 2 1 A decision of the Directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter
- 2 2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing
- 2 3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting

3. CALLING A DIRECTORS' MEETING

- 3 1 Any Director may call a Directors' meeting by giving not less than 7 business days' notice of the meeting (or such lesser notice as all the Directors may agree) to the Directors or by authorising the company secretary (if any) to give such notice
- 3 2 Notice of a Directors' meeting shall be given to each Director in writing

4. QUORUM FOR DIRECTORS' MEETINGS

- 4 1 Subject to article 4 2, the quorum for any meeting of Directors is any two Eligible Directors
- 4 2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a Director's conflict, if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director
- 4 3 If the total number of Directors in office for the time being is less than the quorum required, the Directors must not take any decision other than a decision
- (a) to appoint further Directors, or
 - (b) to call a general meeting so as to enable the shareholders to appoint further Directors

5. **CASTING VOTE**

- 5.1 If the numbers of votes for and against a proposal at a meeting of Directors are equal, the chairman or other Director chairing the meeting has a casting vote

6. **TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested,
- (b) shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which he is interested,
- (c) shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested,
- (d) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director,
- (e) may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested, and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

7. **DIRECTORS' CONFLICTS OF INTEREST**

- 7.1 The Directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**)

- 7.2 Any authorisation under this article 7 will be effective only if
- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine,
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested Director, and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested Director's vote had not been counted
- 7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently)
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
 - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict,
 - (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict,
 - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit,
 - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence, and
 - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters
- 7.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict

7 5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation

7 6 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 or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

8. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye

9. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate Directors) shall not be less than two

10. APPOINTMENT OF DIRECTORS

In any case where, as a result of death or bankruptcy, the company has no shareholders and no Directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a Director

11. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS

11 1 Any Director (**Appointor**) may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to

- (a) exercise that Director's powers, and
- (b) carry out that Director's responsibilities,

in relation to the taking of decisions by the Directors, in the absence of the alternate's Appointor

11 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

11 3 The notice must

- (a) identify the proposed alternate, and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice

12. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

12 1 An alternate Director may act as alternate Director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's Appointor

12 2 Except as the Articles specify otherwise, alternate Directors

- (a) are deemed for all purposes to be Directors,
- (b) are liable for their own acts and omissions,
- (c) are subject to the same restrictions as their Appointors, and
- (d) are not deemed to be agents of or for their Appointors

and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his Appointor is a member

12 3 A person who is an alternate Director but not a Director

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating),
- (b) may participate in a unanimous decision of the Directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate), and
- (c) shall not be counted as more than one Director for the purposes of articles 12 3(a) and (b)

12 4 A Director who is also an alternate Director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the Directors (provided that his Appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.

- 12 5 An alternate Director may be paid expenses and may be indemnified by the company to the same extent as his Appointor but shall not be 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

13. TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate Director's appointment as an alternate terminates

- (a) when the alternate's Appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a Director,
- (c) on the death of the alternate's Appointor, or
- (d) when the alternate's Appointor's appointment as a Director terminates

14. SECRETARY

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors

SHARES

15. PURCHASE OF OWN SHARES

Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) with cash up to any amount in a financial year not exceeding the lower of

- (a) £15,000, and
- (b) the value of 5% of the Company's share capital

16. TRANSFER OF SHARES

- 16 1 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any Share or any interest in any Share, except as permitted by this agreement or with the prior written consent of all other Shareholders

- 16.2 A Shareholder (**Seller**) wishing to transfer shares in the capital of the Company (**Sale Shares**) shall give notice in writing (**Transfer Notice**) to the other Shareholders (**Continuing Shareholders**) specifying the details of the proposed transfer, including the number of Sale Shares comprised within the Transfer Notice, the identity of the proposed buyer(s), the proposed price for each Sale Share (**Proposed Sale Price**) and each Continuing Shareholder's proportionate entitlement to the Sale Shares, being the same proportion of the Sale Shares as the proportion that the number of ordinary shares held by him bears to the total number of ordinary shares held by the Continuing Shareholders (in respect of each Continuing Shareholder, his **Entitlement**)
- 16.3 The Continuing Shareholders (or any of them) may, by giving notice in writing (**Price Notice**) to the Seller at any time within 10 Business Days of receipt of a Transfer Notice, notify the Seller that the Proposed Sale Price is too high. Following service of a Price Notice, the parties shall endeavour to agree a price for each of the Sale Shares. If the parties have not agreed such a price within 10 Business Days of the Seller's receipt of a Price Notice, they (or any of them) shall immediately instruct the Valuers to determine the Fair Value of each Sale Share in accordance with *article 18*
- 16.4 If, following delivery to him of the Valuers' written notice in accordance with *article 18*, the Seller does not agree with Valuers' assessment of the Fair Value of the Sale Shares, he shall be entitled to revoke the Transfer Notice by giving notice in writing to the Continuing Shareholders within 5 Business Days of delivery to him of the Valuers' written notice. If the Seller revokes the Transfer Notice, he is not entitled to transfer the Sale Shares except in accordance with this agreement
- 16.5 Within 5 Business Days of receipt (or deemed receipt) of a Transfer Notice or, if later, within 5 Business Days of receipt of the Valuers' determination of the Fair Value (and provided the Seller has not withdrawn the Transfer Notice in accordance with *article 16.4*), a Continuing Shareholder shall be entitled (but not obliged) to give notice in writing (**Acceptance**) to the Seller stating that he wishes to purchase a specified number of Sale Shares to the Sale Shares at the Sale Price. A Continuing Shareholder may, in his Acceptance, indicate that he would be willing to purchase a particular number of Sale Shares in excess of his Entitlement (**Extra Shares**).
- 16.6 If, on the expiry of the relevant 5 Business Day period referred to in *article 16.5*, the total number of Sale Shares applied for is greater than the available number of Sale Shares, each accepting Continuing Shareholder shall be allocated his Entitlement (or such lesser number of Sale Shares for which he has applied) and applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Continuing Shareholders applying for Extra Shares in such proportions as equal (as nearly as may be) the proportions of all the shares of the same class held by such Continuing Shareholders

16 7 Completion of those Sale Shares accepted by Continuing Shareholders under *article 16 5* (and, where, relevant, *article 16 6*) shall take place in accordance with *article 17*

16 8 In relation to any Sale Shares not accepted by Continuing Shareholders under *article 16 5* (and, where relevant, *article 16 6*) the Seller shall be entitled to transfer those Sale Shares to the third party buyer identified in the Transfer Notice at a price per Sale Share not less than the Sale Price

17. COMPLETION OF SHARE PURCHASE

17 1 Completion of the sale and purchase of shares under *article 16* of this agreement shall take place 10 Business Days after the date of delivery of determination of the Sale Price in accordance with *article 16 3*

17 2 At such completion

- (a) the Seller shall deliver, or procure that there is delivered to each Continuing Shareholder who is to purchase Sale Shares, a duly completed stock transfer form transferring the legal and beneficial ownership of the relevant Sale Shares to him, together with the relevant share certificate(s) (or an indemnity in lieu thereof) and such other documents as the Continuing Shareholders or the Company may reasonably require to show good title to the shares, or to enable him to be registered as the holder of the shares,
- (b) each relevant Continuing Shareholder shall deliver or procure that there is delivered to the Seller a bankers' draft made payable to the Seller or to his order for the Sale Price for the Sale Shares being transferred to him (or such other method of payment agreed between a Continuing Shareholder and the Seller), and
- (c) if, following a sale of shares in accordance with this agreement, the Seller holds no further shares in the Company
 - (i) the Seller shall deliver, or procure that there are delivered to the Company, his resignation as a director of the Company and resignations from any directors appointed by him, such resignations to take effect at completion of the sale of the Sale Shares, and
 - (ii) the Seller shall automatically cease to be a party to this agreement, but without prejudice to any rights or obligations of the Seller which accrued before such cessation, including in respect of any prior breach of this agreement

17 3 Any transfer of shares by way of a sale that is required to be made under this agreement shall be deemed to include a warranty that the Seller sells the shares with full title guarantee

17 4 If any Continuing Shareholder fails to pay the Sale Price payable by him on the due date, without prejudice to any other remedy which the Seller may have, the outstanding balance of that Sale Price shall accrue interest at a rate equal to 4% per annum above the base rate of Barclays Bank plc from time to time

17 5 Each of the Continuing Shareholders shall use his reasonable endeavours to procure (so far as is lawfully possible in the exercise of his rights and powers as a shareholder of the Company) the registration (subject to due stamping by the Continuing Shareholders) of the transfers of the Sale Shares under this *article 17* and each of them consents to such transfers and registrations

18. FAIR VALUE

The **Fair Value** for any Sale Share shall be the price per share determined in writing by the Valuers on the following bases and assumptions

- (a) valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent,
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,
- (c) the sale is to be on arms' length terms between a willing seller and a willing buyer,
- (d) the shares are sold free of all restrictions, liens, charges and other encumbrances, and
- (e) the sale is taking place on the date the Valuers were requested to determine the Fair Value

DECISION MAKING BY SHAREHOLDERS

19. POLL VOTES

Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall 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

20. PROXIES

20 1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the

right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"

- 20 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article

ADMINISTRATIVE ARRANGEMENTS

21. MEANS OF COMMUNICATION TO BE USED

- 21 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted,
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address,
 - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
 - (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

For the purposes of this article, no account shall be taken of any part of a day that is not a business day

- 21 2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act

22. INDEMNITY

- 22 1 Subject to article 23 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled
- (a) each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer
 - (i) in the actual or purported execution and/or discharge of his duties, or in relation to them, and

- (ii) in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs, and

- (b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 23(1)(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

22 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law

22 3 In this article

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant officer" means any Director or other officer or former Director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a Director or other officer), to the extent he acts in his capacity as auditor)

23. INSURANCE

23 1 The Directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss

23 2 In this article

- (a) a "relevant officer" means any Director or other officer or former Director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not

he is also a Director or other officer), to the extent he acts in his capacity as auditor),

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