

**PRIVATE COMPANY LIMITED BY SHARES**  
**WRITTEN RESOLUTION OF THE SOLE MEMBER**  
**OF**  
**GRADEYE LIMITED**  
**(Company Number 08020466)**  
**(the "Company")**

By written resolution passed by the members of the Company on *1<sup>st</sup> July* 2015, the following resolution was duly passed as a special resolution

**ADOPTION OF NEW ARTICLES OF ASSOCIATION**

That the articles annexed to this written resolution are adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

  
Director

SATURDAY



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29/08/2015

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COMPANIES HOUSE

**Company No: 8020466**

**ARTICLES OF ASSOCIATION  
of  
GRADEYE LIMITED**

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**Adopted by Special Resolution passed on 1 July 2015**

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Company No. 8020466

**THE COMPANIES ACT 2006**

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**PRIVATE COMPANY  
LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

of

**GRADEYE LIMITED**

**(Adopted by Special Resolution passed on 1 July 2015)**

**1 DEFINITIONS AND INTERPRETATION**

1.1 In these Articles, unless the context otherwise requires the following words shall have the meanings set out alongside them

<b>“A Share”</b>	an A ordinary share of £0.10 in the capital of the Company,
<b>“A Shareholder”</b>	a holder for the time being of A Shares,
<b>“acting in concert”</b>	has the meaning ascribed to it by the City Code on Takeovers and Mergers as in force and construed on the date of adoption of these Articles,
<b>“AIM”</b>	the AIM market of the LSE,
<b>“Asset Sale”</b>	the disposal by the Company of all, or a substantial part of its business and assets to a Third Party Buyer,
<b>“Auditors”</b>	the auditors of the Company as may be appointed by the Board from time to time,

<b>"B Share"</b>	a B ordinary share of £0 10 in the capital of the Company,
<b>"B Shareholder"</b>	a holder for the time being of B Shares,
<b>"Bad Leaver"</b>	a Leaver who is not a Good Leaver,
<b>"Board"</b>	the board of directors of the Company for the time being,
<b>"Business Day"</b>	any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays),
<b>"C Share"</b>	a C ordinary share of £0 10 in the capital of the Company,
<b>"C Shareholder"</b>	a holder for the time being of C Shares,
<b>"CA 2006"</b>	the Companies Act 2006,
<b>"connected with"</b>	has the meaning ascribed to it in sections 1122 and 1123 of the Corporation Tax Act 2010 save that there shall be deemed to be control for that purpose whenever either section 450, 451 or 1124 of that act would so require,
<b>"Conversion"</b>	the re-designation, without the need for any resolution, of D Shares into Deferred Shares (in each case on a one for one basis) in accordance with Article 4 4 (and "Converted" shall be construed accordingly),
<b>"D Share"</b>	a D ordinary share of £0 10 in the capital of the Company,
<b>"D Shareholder"</b>	a holder for the time being of D Shares,
<b>"Date of Cessation"</b>	has the meaning ascribed to it in Article 9 15,
<b>"Deemed Sale Price"</b>	has the meaning ascribed to it in Article 9 4,
<b>"Deemed Transfer Notice"</b>	has the meaning ascribed to it in Article 9 2,

<b>“Deferred Shares”</b>	the deferred Shares of £0 0001 each in the capital of the Company having the rights set out in these Articles,
<b>“Dragged Shares”</b>	has the meaning ascribed to it in Article 10 1,
<b>“Dragged Shareholders”</b>	has the meaning ascribed to it in Article 10 2,
<b>“Eligible Director”</b>	a director who would have been entitled to vote on any matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter),
<b>“Equity Shares”</b>	the A Shares, the B Shares, the C Shares and the D Shares,
<b>“Exit”</b>	an Asset Sale, Sale, Listing or the first distribution of Remaining Assets on a Liquidation whichever is the first to occur,
<b>“Exit Date”</b>	the date upon which an Asset Sale or Sale is completed, a Listing becomes effective or a Liquidation is commenced,
<b>“Fair Value”</b>	has the meaning ascribed to it in the Appendix,
<b>“Family Trust”</b>	<p>a trust that permits the settled property or the income from it to be applied only for the benefit of</p> <p>the settlor and/or a Privileged Relation of that settlor, and/or</p> <p>any lineal descendant of that settlor or of his spouse or civil partner,</p> <p>in addition, under which no power of control is capable of being exercised over the votes of any Shares that are held in the trust by any person other than the trustees, the settlor or the Privileged Relations of the settlor For purposes of this definition</p>

**"settlor"** includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased Member, and

**"Privileged Relation"** includes a widow or widower of, or a surviving civil partner of, the settlor,

**"FSMA"** the Financial Services and Markets Act 2000 (as amended from time to time),

**"Good Leaver"** a Leaver who becomes a Leaver as a result of death,

disability or incapacity through ill health, such that he is not able to continue to provide services to the Company or SystemsAccountants (as the case may be) commensurate with his position and job description, as certified by a registered medical practitioner,

Redundancy,

retirement at age 65 (or such other retirement age as determined by the Board from time to time),

resignation as a director or employee of the Company or SystemsAccountants (as the case may be) following not less than three years of continuous service from the date of adoption of these Articles,

circumstances in respect of which the Courts of England & Wales, or an employment tribunal has finally determined that the Leaver was wrongfully or unfairly dismissed, or

any circumstances where the Board determines in writing within 30 days of the Date of Cessation of the Leaver that he should be treated as a Good Leaver,

**"Issue Price"** the amount paid up or credited as paid up on the Shares concerned (including any premium),

**“Leaver”**

means

in the case of a C Shareholder or D Shareholder, such Shareholder ceasing to be a director or employee of the Company for any reason and does not continue in such capacity, or

in the case of a B Shareholder, such Shareholder ceasing to be an employee or director of SystemsAccountants for any reason and does not continue in either such capacity,

**“Liquidation”**

the winding up of the Company as a result of which any assets of the Company are returned to Shareholders,

**“Listing”**

the admission of any part of the share capital of the Company to the Main Market or the admission of the same to trading on AIM or the admission by any Recognised Investment Exchange of any part of the share capital of the Company, and, in each case, such admission becoming effective,

**“LSE”**

London Stock Exchange Plc,

**“Main Market”**

the official list of the UKLA,

**“Member”**

any registered holder of a Share for the time being,

**“member of the same group”**

means, in relation to the Company, any subsidiary or holding company thereof, or a subsidiary of such a holding company,

**“Model Articles”**

the model articles for private companies limited by shares prescribed by Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) (including any amendments thereto) as in force on the date on which these articles become part of the constitution of the Company,

**“Net Exit Proceeds”**

an amount equal to the Proceeds minus the amount of all costs and expenses incurred in effecting the Exit or distributing the Proceeds,



<b>"Permitted Transfer"</b>	a transfer of a Share permitted without pre-emption under Article 7,
<b>"Privileged Relation"</b>	means (in respect of a Member or deceased Member) the spouse or civil partner and the lineal descendants (including step and adopted children) of that Member,
<b>"Proceeds"</b>	<p>in relation to a Listing the price per Equity Share (expressed in pounds sterling) at which Equity Shares are proposed to be sold in connection with the Listing (in the case of an offer for sale, being the underwritten price or if applicable the minimum tender price, and in the case of a placing being the placing price) in each case multiplied by the number of Equity Shares in the Company which will be in issue immediately following the Listing but excluding any Equity Shares which are to be or have been newly subscribed in order to raise additional capital as part of the Listing,</p> <p>in relation to a Sale, the aggregate consideration expressed as a cash price (whether that consideration is to be satisfied in cash, shares, loan stock or a combination of these or otherwise) paid for the Equity Shares on completion thereof excluding the value of any consideration to be satisfied after the date of Sale,</p> <p>in the event of an Asset Sale the aggregate consideration received by the Company expressed as a cash price (whether that consideration is to be satisfied in cash, shares, loan stock or a combination of these or otherwise) paid for the business and assets of the Company on completion thereof excluding the value of any consideration to be satisfied after the date of such Asset Sale,</p> <p>in the event of a Liquidation the amount of the Remaining Assets then to be distributed to the holders of Equity Shares in the Company by way of dividend or other distribution,</p>
<b>"Recognised Investment Exchange"</b>	has the meaning given to the expression in section 285(1) FSMA,

<b>"Redundancy"</b>	dismissal from employment by reason of redundancy as defined in section 139(1) of the Employment Rights Act 1996,
<b>"Relevant Member"</b>	has the meaning ascribed to it in Article 9 2,
<b>"Remaining Assets"</b>	on a return of assets on Liquidation, the assets of the Company remaining after payment of all of its debts and liabilities and available for distribution to Members,
<b>"Sale"</b>	the transfer to a Third Party Buyer (whether by one transaction or by a series of transactions) of all of the Equity Shares,
<b>"Shares"</b>	shares of any class in the capital of the Company,
<b>"SystemsAccountants"</b>	means the company registered in England and Wales with company number 03397753 and with its registered office at Perio Mill, Fotheringhay, Peterborough PE8 5HU,
<b>"Third Party Buyer"</b>	an individual or a body corporate and not being  a Member,  an <b>"associate"</b> (within the meant of Section 435 Insolvency Act 1986) of a Member, or  any person connected with a Member,
<b>"Transfer Event"</b>	shall have the meaning ascribed to it in Article 9 1, and
<b>"UKLA"</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000,

1 2 A reference in these Articles to a numbered **regulation** is to the article so numbered in the Model Articles

1 3 In these Articles, words importing a gender include every gender and references to persons shall include bodies corporate, unincorporated associations and partnerships

- 1 4 Words and expressions defined in or for the purposes of the CA 2006 or the Model Articles shall, unless the context otherwise requires, have the same meaning in these Articles
- 1 5 The headings in these Articles shall not affect their construction or interpretation
- 1 6 Whenever under these Articles it is desired or necessary for any two or more persons to give any notice, consent or approval in writing, the same may be done by them executing two or more documents either in identical form or adapted only for execution
- 1 7 Unless the context otherwise requires, reference in these Articles to any English term for any action, remedy, method of judicial proceeding, legal document, legal status, Court, legislation, official or any legal concept or thing shall, in respect of any jurisdiction other than England and Wales, be deemed to include what most nearly approximates in that jurisdiction to the relevant English term

## 2 APPLICATION OF THE MODEL ARTICLES ETC

- 2 1 These Articles and the regulations of the Model Articles (subject to any modifications set out in these Articles) shall constitute all the articles of association of the Company
- 2 2 Regulations 8, 14(1) to 14(5) (inclusive), 19(3)(b), 21, 26(1), 26(5), 41(1), 44(2) to 44(4) (inclusive), 52 and 53 do not apply to the Company

## 3 SHARE CAPITAL

- 3 1 The authorised share capital of the Company as at the date of the adoption of these Articles is £100 divided into
- 3 1 1 580 A Shares,
- 3 1 2 170 B Shares,
- 3 1 3 50 C Shares, and
- 3 1 4 200 D Shares
- 3 2 The A Shares, the B Shares, the C Shares and the D Shares shall each constitute a different class of share for the purposes of the Act, but, except as expressly provided in these Articles, the A Shares, the B Shares, the C Shares and the D Shares rank *pari passu* in all respects
- 3 3 All new Equity Shares created on any increase of capital shall be created as A Shares of £0.10 each, B Shares of £0.10 each, C Shares of £0.10 each and D

Shares of £0.10 each in the same proportion as the number of A Shares, B Shares, C Shares and D Shares existing at that time and the issue of any Equity Shares in the capital of the Company shall be made in such manner that the proportion of A Shares, B Shares, C Shares and D Shares in issue is the same afterwards as before, A Shares being issued only to the holders of A Shares, B Shares being issued only to the holders of B Shares, C Shares being issued only to the holders of C Shares and D Shares being issued only to the holders of D Shares

- 3.4 By virtue of section 567(1) of the CA 2006, the provisions of sections 561 and 562 of the CA 2006 shall not apply to an allotment made by the Company of equity securities (as defined in section 560(1) of the CA 2006)

#### 4 RIGHTS ATTACHING TO THE SHARES

The rights attached to the Shares are as follows

##### 4.1 as regards income

subject to Article 4.5, any amount that the Company resolves to distribute by way of dividend shall be distributed to the holders of the A Shares, B Shares and C Shares as follows

4.1.1 5 per cent to the C Shareholder,

4.1.2 17 per cent to the B Shareholders on a *pro rata* basis to their respective holdings of B Shares, and

4.1.3 the balance to the A Shareholder

The D Shares and the Deferred Shares shall not confer on their holders (in that capacity) any rights to receive dividends or other distributions

##### 4.2 as regards capital

subject to Article 4.5, on a return of capital on a capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied to the holders of A Shares, B Shares and C Shares as follows

4.2.1 5 per cent to the C Shareholder,

4.2.2 17 per cent to the B Shareholders on a *pro rata* basis to their respective holdings of B Shares, and

4.2.3 the balance to the A Shareholder

The D Shares and the Deferred Shares shall not confer on their holders (in that capacity) any payment pursuant to this Article 4 2

4 3 as regards voting

4 3 1 the holders of the A Shares, the B Shares and the C Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and a holder of A Shares, B Shares or C Shares who is present in person or by proxy shall, on a show of hands, have one vote, and, on a poll, shall have the following per cent of votes cast

- (a) 5 per cent to the C Shareholder,
- (b) 17 per cent to the B Shareholders on a *pro rata* basis to their respective holdings of B Shares, and
- (c) 78 per cent to the A Shareholder

The holders of the D Shares or the Deferred Shares shall not be entitled to attend or vote at general meetings of the Company

4 4 as regards Conversion

4 4 1 if an Exit occurs there shall, on the Exit Date (but subject to the relevant Exit occurring) be Converted such number of D Shares (if any) as shall result in the D Shareholder (in that capacity) immediately following such Conversion holding in aggregate that percentage (or as near thereto as shall avoid the creation of a fraction of a Share) of the share capital of the Company in issue immediately following Conversion as determined by reference to the Net Exit Proceeds as set out in the table and paragraph following this Article (such percentage being the "**D Percentage**") The share capital of the Company in issue immediately following Conversion shall for the purposes of this Article be deemed to exclude Deferred Shares arising from the Conversion

Net Exit Proceeds	D Percentage
£750,001 to £1,000,000	15%
£500,001 to £750,000	10%
£500,000 or less	5%

4 4 2 any Conversion shall take place on the following terms

- (a) Conversion shall take effect immediately before (but conditional upon the occurrence of) an Exit at no cost to the D Shareholder,
- (b) the determination of the Auditors as to the number of D Shares to be Converted shall (save in the case of manifest error) be conclusive and binding upon the Company and the Shareholders, and
- (c) forthwith after Conversion the Company shall issue to the D Shareholder certificates for the Deferred Shares resulting from the Conversion and the D Shareholder shall be bound to deliver up to the Company for cancellation the certificates in respect of his pre-Conversion holdings of D Shares

4 5 as regards the allocation of Net Exit Proceeds

4 5 1 upon an Exit, the Shareholders shall procure that

- (a) where the Net Exit Proceeds exceed £1,000,000 (whenever received) they shall be allocated amongst the Shareholders *pro rata* to their holdings in the Equity Share capital of the Company, and
- (b) where the Net Exit Proceeds are £1,000,000 or less (such that a Conversion occurs in accordance with Article 4 4) then notwithstanding each Shareholders overall interest in the Equity Shares immediately following that Conversion the Net Exit Proceeds shall be allocated among the Shareholders in the following proportions
  - (i) the D Percentage to the D Shareholder,
  - (ii) 5 per cent to the C Shareholder,
  - (iii) 20 per cent to the B Shareholders on a *pro rata* basis to their respective holdings of B Shares, and
  - (iv) the balance to the A Shareholder

4 6 as regards Deferred Shares

4 6 1 the holders of Deferred Shares shall not (in that capacity) be entitled to any participation in the profits or the assets of the Company,

4 6 2 Conversion shall be deemed to confer an irrevocable authority on the Company at any time thereafter

- (a) to appoint any one or more of the Directors to execute on behalf of the holders of such Deferred Shares a transfer thereof and/or an agreement to transfer the same for no consideration to such person as the Company may determine as custodian thereof, and/or
- (b) to purchase the same (in accordance with the provisions of the Act) for not more than the aggregate sum of £0 01 for all the Deferred Shares without obtaining the sanction of the holder or holders thereof and for the purposes of such purchase to appoint any one or more of the Directors to execute on behalf of any holder of the Deferred Shares a contract for the sale to the Company of any such Deferred Shares held by such holder,

and pending any such transfer and/or purchase the Company shall be entitled to retain the certificates for such Deferred Shares

## 5 **LIEN**

All Shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 9 (Compulsory Transfers) as if a Deemed Transfer Notice had been deemed given in respect of such Shares

## 6 **TRANSFER OF SHARES**

6 1 The Board shall not register the transfer of any Share or any interest in any Share unless the transfer

6 1 1 is permitted by Article 7 (Permitted Transfers), or

6 1 2 is made in accordance with, Article 8 (Pre-Emption), Article 9 (Compulsory transfers) or Article 10 (Drag Along Option), and

in addition, in any such case, the transfer is not prohibited under Article 11 (Prohibited Transfers)

6 2 For the purpose of ensuring that a transfer of Shares is in accordance with these Articles or that no circumstances have arisen whereby a Member may be deemed to have given a Deemed Transfer Notice the Board may from time to time require any Member or any person named as transferee in any transfer lodged for registration to furnish to the Board such information and evidence as the Board reasonably deems relevant for such purpose

- 6 3 Failing such information or evidence being furnished to its reasonable satisfaction within a reasonable time after request under Article 6 2, the Board may in its absolute discretion refuse to register the transfer in question or require by notice in writing to the Member(s) concerned that a Deemed Transfer Notice be given in respect of the Shares concerned
- 6 4 If the Board refuses to register a transfer of a Share it shall, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of, and the reasons for, the refusal
- 6 5 If such information or evidence requested under Article 6 2 discloses to the reasonable satisfaction of the Board that circumstances have arisen whereby a Member may be deemed to have given a Deemed Transfer Notice the Board may by notice in writing to the Member(s) concerned determine that a Deemed Transfer Notice be given in respect of the Shares concerned
- 6 6 An obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance
- 6 7 The Board may at any time give notice requiring any transmittee to elect either to be registered himself in respect of the Share or to transfer the Share and, if the notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice shall have been complied with Nothing in these Articles releases the estate of a deceased holder from any liability in respect of a Share solely or jointly held by that holder

## **7 PERMITTED TRANSFERS**

### **7 1 Transfers by an A Shareholder**

Any A Shareholder may at any time (save where a Deemed Transfer Notice has been deemed served in respect of the A Shares held by him pursuant to these Articles) during his lifetime, subject to giving prior written notice of such transfer to the Board, transfer any A Shares held by him to any person

### **7 2 Transfers to relations and Family Trusts**

Any B Shareholder may at any time (save where a Deemed Transfer Notice has been deemed served in respect of the B Shares held by him pursuant to these Articles) during his lifetime, subject to giving prior written notice of such transfer to the Board, transfer any B Shares held by him to



7 2 1 a Privileged Relation who is not a minor, or

7 2 2 trustees to be held on a Family Trust of which he is the settlor

### 7 3 **Transfers by Privileged Relations**

Where B Shares have been transferred under Article 7 27 1 from a Member (the "**Original Transferee**") to a Privileged Relation, the Privileged Relation may only transfer B Shares pursuant to Article 7 1 to

7 3 1 the Original Transferee,

7 3 2 a Privileged Relation of the Original Transferee, or

7 3 3 the trustees of a Family Trust of which the Original Transferee is the settlor

### 7 4 **Transfers by Family Trusts**

Where any B Shares are held by trustees of a Family Trust, the B Shares may, with the prior written consent of the Board (such consent not to be unreasonably withheld or delayed), be transferred to

7 4 1 if there is a change of trustees, the new trustees of that Family Trust,

7 4 2 the settlor,

7 4 3 another Family Trust which has the same settlor, or

7 4 4 any Privileged Relation of the settlor who is not a minor

### 7 5 **Transferee ceasing to be a Privileged Relation or Family Trust**

Where B Shares have been transferred under Articles 7 3, 7 4 or 7 4 (whether directly or by a series of such transfers) from a B Shareholder (the "**Share Transferor**") to a Privileged Relation or the trustees of a Family Trust (the "**Share Transferee**") and subsequent to such transfer

7 5 1 the Share Transferee shall cease to be a Privileged Relation of the Share Transferor, or

7 5 2 the Share Transferee (being a Privileged Relation)

(a) shall have a bankruptcy order made against him or shall be declared bankrupt by any court of competent jurisdiction, or

- (b) shall make an offer to make any arrangement or composition with his creditors generally, or

7 5 3 the Share Transferee (being the trustee of a Family Trust) shall cease to be the trustee of a Family Trust settled by the Share Transferor, or

7 5 4 the Share Transferee (being the trustee of a Family Trust)

- (a) shall have a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets,
- (b) shall appoint or suffer the appointment of an administrator appointed in relation to it,
- (c) shall enter into liquidation (other than a voluntary liquidation for the purpose of a *bona fide* scheme of solvent amalgamation or reconstruction), or
- (d) shall have any equivalent action in respect of it taken in any jurisdiction outside England and Wales, or

7 5 5 the Share Transferee is the trustee of a Family Trust that ceases to have any beneficiaries,

(each a "**Required Transfer Event**"), then the Share Transferee shall forthwith transfer all the B Shares held by it to the Share Transferor, for such consideration as they agree and if they do not do so within 90 days of the date upon which the Required Transfer Event occurred, the provisions of Article 9 1 2 shall apply

## 7 6 **Transfers of unencumbered interest**

A transfer of any B Shares pursuant to Articles 7 2 to 7 5 shall only be treated as a Permitted Transfer for the purposes of these Articles if it is a transfer of the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance

## 7 7 **No encumbrance of Shares**

To avoid doubt and except as permitted under this Article 7 (Permitted Transfers), required under Article 9 (Compulsory transfers) or as contemplated in Article 10 (Drag Along Option) no person may transfer, charge or otherwise encumber any Share or any interest therein

8       **PRE-EMPTION**

8 1       Any B Shareholder or C Shareholder who wishes to transfer his Shares (a "**Vendor**"), otherwise than in accordance with Articles 7, 9 and 10, may only do so after a period of three calendar years from the date of adoption of these Articles by giving notice to the Company (a "**Pre-Emption Transfer Notice**") specifying

8 1 1       the number of Shares which the Vendor wishes to transfer (the "**Pre-Emption Sale Shares**"), and

8 1 2       the price per Share at which the Vendor wishes to sell such Pre-Emption Sale Shares

8 2       The sale price of the Pre-Emption Sale Shares shall be the price per Share specified in the Pre-Emption Transfer Notice pursuant to Article 8 1 2 (the "**Pre-Emption Sale Price**")

8 3       A Pre-Emption Transfer Notice, once given in accordance with this Article 8, shall not be withdrawn without the consent in writing of the Board

8 4       The Pre-Emption Transfer Notice shall constitute the Company the agent of the Vendor for the sale of the Pre-Emption Sale Shares specified therein at the Pre-Emption Sale Price

8 5       The Company shall following receipt of the Pre-Emption Transfer Notice forthwith give notice in writing to the A Shareholder (with a copy to each other Member for information purposes only) informing the A Shareholder that the Pre-Emption Sale Shares are available and of the Pre-Emption Sale Price and shall invite the A Shareholder (or his nominee) ("**Pre-Emption Buyer**") to state in writing within 20 Business Days from the date of the said notice (which date shall be specified therein) whether he is willing to purchase any and, if so, how many of the Pre-Emption Sale Shares at the Pre-Emption Sale Price

8 6       After the expiry of the term noted in Article 8 5 above the Board shall allocate the Pre-Emption Sale Shares in the following manner

8 6 1       if the total number of Pre-Emption Sale Shares applied for by the Pre-Emption Buyer is equal to the available number of Pre-Emption Sale Shares the Company shall allocate the number applied for in accordance with the application, or

8 6 2       if the total number of Pre-Emption Sale Shares applied for by the Pre-Emption Buyer is less than the available number of Pre-Emption Sale Shares the Company shall allocate the number applied for in accordance with the application and the Pre-Emption Transfer Notice in relation to the

excess shares not applied for by the Pre-Emption Buyer shall deemed to be withdrawn, or

8 6 3 if the Pre-Emption Buyer does not apply for any Pre-Emption Sale Shares the Pre-Emption Transfer Notice shall deemed to be withdrawn

8 7 The Company shall forthwith give notice of the allocation ("**Pre-Emption Allocation Notice**") to the Vendor and the Pre-Emption Buyer and shall specify in the Pre-Emption Allocation Notice the place and time (being not later than 10 Business Days after the date of the Pre-Emption Allocation Notice) at which the sale of the Pre-Emption Sale Shares be completed

8 8 Upon such allocation being made as aforesaid, the Vendor shall be bound, on payment of the Pre-Emption Sale Price for each of the Pre-Emption Sale Shares comprised in the Pre-Emption Allocation Notice, to transfer the Pre-Emption Sale Shares comprised in the Pre-Emption Allocation Notice to the Pre-Emption Buyer at the time and place therein specified. If the Vendor makes default in so doing a person duly nominated by a resolution of the Board for that purpose, shall forthwith be deemed to be the duly appointed attorney of the Vendor with full power to execute complete and deliver in the name and on behalf of the Vendor a transfer of the relevant Pre-Emption Sale Shares to the Pre-Emption Buyer and any director may receive and give a good discharge for the purchase money on behalf of the Vendor and (subject to the transfer being duly stamped) enter the name of the Pre-Emption Buyer in the register of members as the holder(s) by transfer of the Pre-Emption Sale Shares so purchased by him. The Board shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Vendor until he shall deliver up his certificate or certificates for the relevant Pre-Emption Sale Shares to the Company when he shall thereupon be paid the purchase money

8 9 For the avoidance of doubt, the D Shareholders shall not be entitled to transfer any of their D Shares otherwise than in accordance with Article 9 or 10 or in the event of an Exit

## 9 **COMPULSORY TRANSFERS**

9 1 In this Article 9, a Transfer Event occurs, in relation to any Shareholder

### **Bankruptcy etc of individual**

9 1 1 if that Member being an individual

(a) shall have a bankruptcy order made against him or shall be declared bankrupt by any court of competent jurisdiction, or

- (b) shall make an offer to make any arrangement or composition with his creditors generally,

and, within six months of becoming aware of such event, the Board shall determine that such is to be treated as a Transfer Event in relation to that Member for the purposes of this Article 9,

#### **Privileged Relations and Family Trusts**

- 9 1 2 if a Required Transfer Event occurs and the provisions of Article 7 5 are not complied with within 90 days of the Required Transfer Event taking place, and within six months of becoming aware of such event the Board shall determine that such event is to be treated as a Transfer Event in relation to that Member for the purposes of this Article 9,

#### **Unauthorised attempt to deal**

- 9 1 3 that Member attempts to deal with or dispose of any Share or any interest in it otherwise than in accordance with these Articles unless the Board determines within three months of the matter coming to his attention that such event is not a Transfer Event in relation to that Member, or

#### **Leavers**

- 9 1 4 that Member becomes a Leaver unless the Board determines within three months of the Date of Cessation that such event is not a Transfer Event in relation to that Member for the purposes of this Article 9

- 9 2 Upon the Board determining that any event is or is to be treated as a Transfer Event under Article 9 1, the Member in respect of whom such event is a Transfer Event (the **"Relevant Member"**) shall be deemed to have immediately given a notice in writing to the Company in respect of all of the Shares then held by such Member (the **"Deemed Sale Shares"**), that they wish to transfer the same (the **"Deemed Transfer Notice"**)

- 9 3 Each Deemed Transfer Notice shall constitute the Company as the agent of the Relevant Member for the sale of the Deemed Sale Shares on the terms of this Article 9 and shall be irrevocable

- 9 4 Subject to Article 9 5, the Deemed Sale Shares shall be offered for purchase in accordance with this Article 9 at a price per Deemed Sale Share (the **"Deemed Sale Price"**) to be determined

- 9 4 1 in relation to a Transfer Event that occurs pursuant to Articles 9 1 1 or 9 1 2 at the Fair Value,

- 9 4 2 in relation to a Transfer Event that occurs pursuant to Article 9 1 3 at the Issue Price, or
- 9 4 3 in relation to a Transfer Event that occurs pursuant to Article 9 1 4
  - (a) at Fair Value where the Member is a Good Leaver, and
  - (b) at the lower of Fair Value and the Issue Price where the Member is a Bad Leaver
- 9 5 In the event that the Relevant Member holds D Shares, the Deemed Sale Price for such D Shares shall, unless the Board determines otherwise, always be the Issue Price
- 9 6 The Deemed Sale Shares shall be offered by the giving of successive notices by the Board (each an "**Deemed Transfer Notice**") in the following order of priority
  - 9 6 1 the first Deemed Transfer Notice shall be issued to Members holding A Shares no later than 10 Business Days following the determination of the Deemed Sale Price,
  - 9 6 2 to the extent not accepted by Members holding A Shares within 10 Business Days of receiving the first Deemed Transfer Notice, a second Deemed Transfer Notice shall be issued to the B Shareholders and the C Shareholders, for a further period of 10 Business Days for acceptance, and
  - 9 6 3 to the extent not accepted by any such remaining Members within 10 Business Days of receiving the second Deemed Transfer Notice, a third Deemed Transfer Notice shall be issued to a third party (if any) who has been nominated in writing by the Relevant Member and the identity of whom the Board has approved in writing in advance (such approval not to be unreasonably withheld or delayed),

however, no Shares shall be treated as offered to the Relevant Member or any other Member who is then bound to give, has given or is deemed to have given a Deemed Transfer Notice in respect of the Shares registered in his name
- 9 7 An Deemed Transfer Notice shall
  - 9 7 1 specify the Deemed Sale Price,
  - 9 7 2 the number of Deemed Sale Shares subject to the Deemed Transfer Notice,

- 9 7 3 invite the relevant offerees to respond in writing, before expiry of the Deemed Transfer Notice, to purchase the numbers of Deemed Sale Shares specified by them in their application, and
- 9 7 4 shall expire 10 Business Days after its service
- 9 8 After the expiry date of an Deemed Transfer Notice, the Board shall, in the priorities and in respect of each class of persons set out in Article 9 5, allocate the Deemed Sale Shares in accordance with the valid applications received save that
- 9 8 1 if there are applications from any class of offerees for more than the number of Deemed Sale Shares available for that class of offerees, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any person more Deemed Sale Shares than the maximum number applied for by him) to the number of Shares of the class which entitles them to receive such offer then held by them respectively, and
- 9 8 2 if it is not possible to allocate any of the Deemed Sale Shares without involving fractions, they shall be allocated amongst the applicants of each class in such manner as the Board shall think fit
- 9 9 The Board shall, within 5 Business Days of the expiry date of an Deemed Transfer Notice, give notice in writing (an "**Deemed Allocation Notice**") to the Relevant Member and to each person to whom Deemed Sale Shares have been allocated (each a "**Deemed Buyer**") specifying the name and address of each Deemed Buyer, the number of Deemed Sale Shares agreed to be purchased by him, the aggregate price payable by him for them and the date for completion (being no earlier than five Business Days nor later than 20 Business Days after the date of service of the Deemed Allocation Notice)
- 9 10 Completion of a sale and purchase of Deemed Sale Shares pursuant to an Deemed Allocation Notice shall take place at the registered office of the Company at the time specified in the Deemed Allocation Notice when the Relevant Member shall, upon payment to him by a Deemed Buyer of the Deemed Sale Price in respect of the Deemed Sale Shares allocated to that Deemed Buyer, transfer those Deemed Sale Shares and deliver the relative share certificate(s) to that Deemed Buyer
- 9 11 If, following the expiry date of the final Deemed Transfer Notice served under Article 9 5 (the "**End Date**"), Deemed Buyers have not been found for some or all of the Deemed Sale Shares the Company shall be entitled to buy-back all (but not some only) of the Deemed Sale Shares at a price not being less than the Deemed Sale Price provided that such buy-back is permissible under the CA 2006 and provided

further that such buy-back concludes within a period not exceeding four months from the End Date. The Members shall exercise all voting rights available to them to give effect to the buy-back (including, without limitation, any prior reduction of capital to create distributable reserves)

9 12 In the event that the Company does not elect to buy-back the Deemed Sale Shares pursuant to Article 9 11, the Relevant Member or the Board may at any time at least 12 months after the previous Deemed Transfer Notice give notice to the Company (a further "**Deemed Transfer Notice**") that they wish to initiate the sale of the Deemed Sale Shares whereupon the Deemed Sale Shares shall be offered for purchase in accordance with the foregoing provisions of Articles 9 4 to 9 11. Provided always that where this requires the Fair Value to be determined by reference to the Accountants in accordance with the Appendix the Accountants shall act at the cost of the Company where the provisions of this Article 9 12 have been initiated by the Board and at the joint cost of the Relevant Member and the Company where the provisions of this Article 9 12 have been initiated by the Relevant Member.

9 13 To avoid doubt, Article 7 7 shall continue to apply to any Deemed Sale Shares not specified in an Deemed Allocation Notice or not duly held pursuant thereto and

9 13 1 the Relevant Member may not transfer such Shares and the Board shall not register any transfer to a transferee who is not at that date a Member unless such transferee is first approved in writing by the Board, and

9 13 2 the Relevant Member shall not be entitled, save with the written consent of the Board, to sell only some of the Deemed Sale Shares under this Article 9 13

9 14 If a Relevant Member fails for any reason (including death) to transfer any Deemed Sale Shares when required pursuant to these Articles, the Board may authorise any director of the Company (who shall be deemed to be irrevocably appointed as the attorney of the Relevant Member for the purpose) to execute each necessary transfer of such Deemed Sale Shares and deliver it on the Relevant Member's behalf. The Company may receive the purchase money for such Deemed Sale Shares from the Deemed Buyer and shall upon receipt (subject, if necessary, to the transfer being duly stamped) register the Deemed Buyer as the holder of such Deemed Sale Shares. The Company shall hold such purchase money in a separate bank account on trust for the Relevant Member but shall not be bound to earn or pay interest on any money so held. The Company's receipt for such purchase money shall be a good discharge to the Deemed Buyer who shall not be bound to see to the application of it, and after the name of the Deemed Buyer has been entered in the register of Members in purported exercise of the power



conferred by this Article 9, the validity of the proceedings shall not be questioned by any person

9 15 For the purpose of Article 9 1 4 and Article 18 the **"Date of Cessation"** shall be the date on which in the case of a C Shareholder or D Shareholder, such Shareholder ceasing to be either an employee or director (whether full time or part time) of the Company, or in the case of a B Shareholder, such Shareholder ceasing to be either an employee or director (whether full time or part time) of the Company or SystemsAccountants, in either case which shall be

9 15 1 where the Company or SystemsAccountants (as the case may be) terminates or purports to terminate a contract of employment or engagement by giving notice to the employee of the termination of the employment or engagement, whether or not the same constitutes a wrongful or unfair dismissal, be the later of the date of that notice and the date (if any) for the termination expressly stated in such notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the Company or SystemsAccountants (as the case may be) in respect of such termination),

9 15 2 where the employee terminates or purports to terminate a contract of employment or engagement by giving notice to the Company or SystemsAccountants (as the case may be) of the termination of the employment or engagement (whether or not he is lawfully able so to do), the later of the date of that notice and the date (if any) for the termination expressly stated in such notice,

9 15 3 where the Company or SystemsAccountants (as the case may be) (on the one hand) or employee (on the other hand) wrongfully repudiates the contract of employment or engagement and the other respectively accepts that the contract of employment or engagement has been terminated, the date of such acceptance by the Company or SystemsAccountants (as the case may be), or employee or director (as the case may be),

9 15 4 where a contract of employment or engagement is terminated under the doctrine of frustration, the date of the frustrating event, or

9 15 5 where a contract of employment or engagement is terminated in any other circumstance other than set out in Articles 9 15 1 to 9 15 4, the date on which the person actually ceases to be employed or engaged by the Company or SystemsAccountants (as the case may be)

- 9 16 Once a Deemed Transfer Notice shall under these Articles be given or deemed to be given in respect of any Share then no permitted transfer under Article 7 (Permitted Transfers) may be made in respect of such Share unless and until an Deemed Transfer Notice shall have been served in respect of such Share and the period of allocation permitted under Article 9 9 shall have expired without such allocation

## 10 **DRAG ALONG OPTION**

- 10 1 If the A Shareholder (the "**Selling Shareholder**") wishes to transfer any of his A Shares at any time to a Third Party Buyer, the Selling Shareholder shall have the option (the "**Drag Along Option**") to require either or all of

10 1 1 the B Shareholders to sell at the same price as is being paid for the A Shares, and/or

10 1 2 the C Shareholders to sell at the same price as is being paid for the A Shares, and/or

10 1 3 the D Shareholder to sell

(a) if the transfer of Shares to a Third Party Buyer constitutes an Exit, at the same price as is being paid for the A Shares, or

(b) if the transfer of Shares to a Third Party Buyer does not constitutes an Exit, at the Issue Price,

such number of their Shares as, when compared to the number of Equity Shares held by that Member at the time of the exercise of the Drag Along Option, is equal in proportion to the number of A Shares being sold by the Selling Shareholder compared to the total number of A Shares in issue at that time (the "**Dragged Shares**") with full title guarantee to the Third Party Buyer or as the Third Party Buyer shall direct in accordance with this Article 10

- 10 2 The Selling Shareholder may exercise the Drag Along Option at any time before the registration of the transfer of the Shares in the Company held by the Selling Shareholder by giving notice to that effect (the "**Drag Along Notice**") to any or all other Members as the Selling Shareholder determines at his absolute discretion (the "**Dragged Shareholders**"), which shall specify the number and class of Dragged Shares to be sold by each Dragged Shareholder (either by reference to a number of Shares or a percentage of the Dragged Shareholder's holding of Shares) A copy of the Drag Along Notice shall, for information only, also be given to the Company at its registered office (but so that any failure or delay in giving such copy shall in no way prejudice the operation of this Article 10)

- 10 3 A Drag Along Notice shall specify that the Dragged Shareholders are required to transfer the Dragged Shares pursuant to Article 10 1 to the Third Party Buyer, the proposed date of transfer (if known), the identity of the Third Party Buyer and the price to be paid for the Dragged Shares A Drag Along Notice served by post shall be deemed served upon the envelope containing it being placed in the post and the applicable notice provisions of these Articles shall in the context of a Drag Along Notice be amended accordingly The notice provisions of these Articles shall otherwise apply to the service of a Drag Along Notice as if it were a notice to be given under these Articles by the Company
- 10 4 A Drag Along Notice may be revoked by the A Shareholder at any time prior to completion of the sale of the Dragged Shares and any such revocation notice shall be served in the manner prescribed for a Drag Along Notice in Article 10 2
- 10 5 Completion of the sale of the Dragged Shares shall take place on the date of actual completion of the sale of the A Shares being sold by the Selling Shareholder or on such other date as the Dragged Shareholders and the Selling Shareholder agree
- 10 6 Each Dragged Shareholder shall on service of the Drag Along Notice be deemed to have irrevocably appointed the Selling Shareholder to be his attorney to execute any stock transfer and covenant for full title guarantee in respect of the Dragged Shares registered in the name of such Dragged Shareholders and to do such other things as may be necessary or desirable to accept, transfer and complete the sale of the Dragged Shares pursuant to this Article 10
- 10 7 The rights of pre-emption and other restrictions contained in these Articles shall not apply on any sale and transfer of Shares by the Selling Shareholder, the Dragged Shareholders or any other Member to the Third Party Buyer named in a Drag Along Notice

11 **PROHIBITED TRANSFERS**

Notwithstanding any other provision of these Articles, no transfer of any Share shall be made or registered if it is to any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind

12 **CONVERSION OF SHARES**

If any Share of any class is transferred pursuant to the provisions of these Articles to a Member holding Shares of a different class, such Shares shall on and from the time of registration of the transfer of those Shares in the register of members of the Company be converted into and re-designated as, Shares of the same class as those already held by that Member

### 13 **PROCEEDINGS AT GENERAL MEETINGS AND ADJOURNMENT**

- 13 1 If within twenty minutes from the time appointed for a general meeting a quorum is not present or, if during a meeting a quorum ceases to be present, the meeting, if convened upon the request of the Members in accordance with the CA 2006, shall be dissolved, in any other case, it shall stand adjourned
- 13 2 If a quorum is not present at any such adjourned meeting within twenty minutes from the time appointed for that meeting, the meeting shall be dissolved

### 14 **POLL VOTES**

- 14 1 A poll may be demanded at any general meeting by
- 14 1 1 the chairman of the meeting, or
- 14 1 2 any qualifying person (as such term is defined in section 318 of the CA 2006) present and entitled to vote at the meeting
- 14 2 A demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chairman. A demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made
- 14 3 Subject to these Articles, polls at general meetings must be taken when, where and in such manner as the chairman of the meeting directs. The chairman of the meeting may appoint scrutineers (who need not be holders) and decide how and when the result of the poll is to be declared
- 14 4 The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded
- 14 5 A poll on the election of the chairman of the meeting or a question of adjournment must be taken immediately. All other polls must be taken within thirty days of their being demanded
- 14 6 A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded
- 14 7 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven days' notice must be given specifying the time and place at which the poll is to be taken

- 14 8 The omission or failure by any proxy to vote in accordance with any instructions given to him by his appointor shall not invalidate any vote cast by him or any resolution passed at the general meeting concerned

15 **NUMBER OF DIRECTORS**

The number of directors shall not be less than two and there shall be no maximum number

16 **ALTERNATE DIRECTORS**

- 16 1 A director (other than an alternate director) may, by notice in writing delivered to the Company, or in any other manner approved by the Board, appoint any person willing to act to be his alternate

- 16 2 The appointment of an alternate director who is not already a director or alternate director

16 2 1 shall (save in the case of an alternate to an Investor Director) require the approval of the Board, and

16 2 2 shall not be effective until his consent to act as a director in the form prescribed by the CA 2006 has been received by the Company

- 16 3 An alternate director shall cease to be an alternate director

16 3 1 if his appointor revokes his appointment by notice in writing delivered to the Company, or in any other manner approved by the Board, or

16 3 2 if his appointor ceases for any reason to be a director, or

16 3 3 if any event happens in relation to him which causes his office as director to be vacated or (if not himself a director) would do so if he were himself a director

17 **ACTS OF DIRECTORS**

Subject to the provisions of CA 2006, all acts done by, or in any proceedings of, the Board or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote

## 18 RETIREMENT OF DIRECTORS

- 18 1 The directors shall not be subject to retirement by rotation
- 18 2 The office of a director who is at any time an employee of the Company or of any member of the same group as the Company shall automatically be vacated if he ceases to be an employee (as described in Article 9 15) of the Company or of a member of the same group as the Company

## 19 PROCEEDINGS OF DIRECTORS

- 19 1 The quorum for the transaction of business of the Board shall be two directors One of the directors in the quorum shall be an appointee of the A Shareholder
- 19 2 Any director or his alternate may validly participate in a meeting of the Board or a committee of the Board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group that is larger than any other group, where the chairman of that meeting then is

## 20 DIRECTORS' CONFLICT SITUATIONS

- 20 1 Provided that the matter has been authorised by the directors in accordance with section 175 of the Act or by resolution of the shareholders, a director may be in any situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which he would otherwise be under a duty to avoid pursuant to section 175 of the Act ("**authorised conflict situation**") For this purpose, a conflict of interest includes a conflict of interest and duty and a conflict of duties
- 20 2 A director shall not be accountable to the Company for any profit, remuneration or benefit realised by or accruing to him in consequence of any authorised conflict situation, and no transaction or arrangement shall be liable to be avoided, by reason of his office or of the fiduciary relationship thereby established
- 20 3 Any authorisation pursuant to Article 20 2 shall be for such duration and subject to such terms and conditions as the directors or shareholders (as the case may be) shall determine and may be varied or terminated at any time In particular, but without limitation, any such authorisation may (but need not) provide that
- 20 3 1 if the director has obtained any information in relation to the matter which has been authorised, otherwise than as a director of the company, in

respect of which he owes a duty of confidentiality to another person, the director is under no obligation to disclose such information to the company or to use or apply such information in performing his duties as a director of the company where to do so would be a breach of that duty of confidentiality, and/or

20 3 2 the director shall not be given any information relating to the matter which has been authorised, and/or

20 3 3 if a proposed decision of the directors is concerned with the matter which has been authorised, the director is not to be counted as participating in the decision-making process for quorum or voting purposes

20 4 A director is not to be counted as participating in the decision-making process for quorum or voting purposes

20 4 1 in respect of any decision of the directors to authorise a matter in accordance with section 175 of the Act,

20 4 2 in respect of any decision relating to an authorised conflict situation where the terms of the authorisation do not permit this, or

20 4 3 in respect of any decision, other than a decision of the directors to authorise a matter in accordance with section 175 of the Act or which relates to an authorised conflict situation, in which he has an interest unless

(a) his interest cannot reasonably be regarded as likely to give rise to a conflict of interest, or

(b) he has disclosed the nature and extent of his interest to the other directors (to the extent that they are not already aware of it)

20 5 For the purposes of this Article 20, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting

## 21 **NOTICES**

21 1 Any notice, document or information (including a share certificate) which is sent or supplied by the Company

21 1 1 in hard copy form, or in electronic form but to be delivered other than by electronic means, and which is sent by pre-paid post and properly addressed shall be deemed to have been received by the intended recipient at the expiration of twenty-four hours (or, where first class mail is

not used, forty-eight hours) after the time it was posted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed, pre-paid and posted,

21 1 2 by electronic means shall be deemed to have been received by the intended recipient twenty-four hours after it was transmitted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed, and

21 1 3 by means of a website shall be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website

21 2 Any accidental failure on the part of the Company to send, or the non-receipt by any person entitled to, any notice of or other document or information relating to any meeting or other proceeding shall not invalidate the relevant meeting or proceeding. This Article shall have effect in place of the Company Communications Provisions relating to deemed delivery of notices, documents or information

21 3 For the purposes of calculating the time when any notice, document or information sent or supplied by the Company is deemed to have been received by the intended recipient for the purposes of these articles (regardless of whether the period is expressed in hours or days) full account shall be taken of any day, and any part of a day, that is not a working day. This Article 21 3 shall have effect in place of the Company Communications Provisions regarding the calculation of the time when any such notice, document or information is deemed to have been received by the intended recipient

## 22 **INDEMNITY**

22 1 Subject to Article 22 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled, each relevant officer shall be indemnified out of the Company's assets against all losses or liabilities which he may sustain or incur

22 1 1 in or about the execution of the duties of his office or otherwise in relation thereto,

22 1 2 in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company,

22 1 3 in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act )



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

22 3 1 companies are “**associated**” if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

22 3 2 a “**relevant officer**” means any director or secretary, or former director or secretary, of the Company

## 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 or employee in respect of any relevant loss

23 2 In this Article

23 2 1 a “**relevant officer or employee**” means any director, secretary or employee, or former director, secretary or employee, of the company or an associated company,

23 2 2 a “**relevant loss**” means any loss or liability which has been or may be incurred by a relevant officer or employee in connection with that officer’s or employee’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

23 2 3 companies are “**associated**” if one is a subsidiary of the other or both are subsidiaries of the same body corporate

## 24 **SHARE CERTIFICATES ETC**

The Company may in any manner permitted by the applicable provisions of Part 4 of the CA 2006 execute any share certificate, warrant or other document creating or evidencing any security allotted by the Company or any right or option to subscribe granted by the Company

## 25 **CHANGE OF NAME**

The Company may change its name by decision of the directors

26      **PARTLY PAID SHARES ETC**

26 1      The Company has a lien (a "**Company's lien**") over every Share which is partly paid for any part of

26 1 1      that Share's nominal value, and

26 1 2      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

26 2      The Company's lien over a Share

26 2 1      takes priority over any third party's interest in that Share, and

26 2 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

26 3      The directors may at any time decide that a Share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part

26 4      Subject to the provisions of this Article 26, if

26 4 1      a lien enforcement notice has been given in respect of a Share, and

26 4 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

26 5      A lien enforcement notice

26 5 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,

26 5 2      must specify the Share concerned,

26 5 3      must require payment of the sum payable within 14 days of the notice,

26 5 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

26 5 5      must state the Company's intention to sell the Share if the notice is not complied with

26 6      Where Shares are sold under this Article 26

- 26 6 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
- 26 6 2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale
- 26 7 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
  - 26 7 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,
  - 26 7 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
- 26 8 A statutory declaration by a director that the declarant is a director and that a Share has been sold to satisfy the Company's lien on a specified date
  - 26 8 1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share, and
  - 26 8 2 subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the Share
- 26 9 Subject to the articles and the terms on which Shares are allotted, the directors may send a notice (a **"call notice"**) to a member requiring the member to pay the Company a specified sum of money (a **"call"**) which is payable in respect of Shares which that member holds at the date when the directors decide to send the call notice
- 26 10 A call notice
  - 26 10 1 may not require a member to pay a call which exceeds the total sum unpaid on that member's Shares (whether as to the Share's nominal value or any amount payable to the Company by way of premium),
  - 26 10 2 must state when and how any call to which it relates it is to be paid, and
  - 26 10 3 may permit or require the call to be paid by instalments

- 26 11 A member must comply with the requirements of a call notice, but no member is obliged to pay any call before 14 days have passed since the notice was sent
- 26 12 Before the Company has received any call due under a call notice the directors may
- 26 12 1 revoke it wholly or in part, or
- 26 12 2 specify a later time for payment than is specified in the notice,
- by a further notice in writing to the member in respect of whose Shares the call is made
- 26 13 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 14 Joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share
- 26 15 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
- 26 15 1 to pay calls which are not the same, or
- 26 15 2 to pay calls at different times
- 26 16 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)
- 26 16 1 on allotment,
- 26 16 2 on the occurrence of a particular event, or
- 26 16 3 on a date fixed by or in accordance with the terms of issue
- 26 17 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
- 26 18 If a person is liable to pay a call and fails to do so by the call payment date
- 26 18 1 the directors may issue a notice of intended forfeiture to that person, and

26 18 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

26 19 For the purposes of this Article 26

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,

the "**relevant rate**" is

26 19 1 the rate fixed by the terms on which the Share in respect of which the call is due was allotted,

26 19 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

26 19 3 if no rate is fixed in either of these ways, five per cent per annum

26 20 The relevant rate must not exceed by more than five 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(2)

26 21 The directors may waive any obligation to pay interest on a call wholly or in part

## 27 **FORFEITURE AND SURRENDER**

27 1 A notice of intended forfeiture

27 1 1 may be sent in respect of any Share in respect of which a call has not been paid as required by a call notice,

27 1 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,

27 1 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,

27 1 4 must state how the payment is to be made, and

27 1 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

27 2 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

27 3 Subject to the articles, the forfeiture of a Share extinguishes

27 3 1 all interests in that Share, and all claims and demands against the Company in respect of it, and

27 3 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

27 4 Any Share which is forfeited in accordance with the articles

27 4 1 is deemed to have been forfeited when the directors decide that it is forfeited,

27 4 2 is deemed to be the property of the Company, and

27 4 3 subject to Article 10 may be sold, re-allotted or otherwise disposed of as the directors think fit

27 5 If a person's Shares have been forfeited

27 5 1 the Company must send that person notice that forfeiture has occurred and record it in the register of members,

27 5 2 that person ceases to be a member in respect of those Shares,

27 5 3 that person must surrender the certificate for the Shares forfeited to the Company for cancellation,

27 5 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

27 5 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

27 6 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

- 27 7 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
- 27 8 A statutory declaration by a director that the declarant is a director and that a Share has been forfeited on a specified date
- 27 8 1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share, and
- 27 8 2 subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the Share
- 27 9 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
- 27 10 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
- 27 10 1 was, or would have become, payable, and
- 27 10 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
- 27 11 A member may surrender any Share
- 27 11 1 in respect of which the directors may issue a notice of intended forfeiture,
- 27 11 2 which the directors may forfeit, or
- 27 11 3 which has been forfeited
- 27 12 The directors may accept the surrender of any such Share
- 27 13 The effect of surrender on a Share is the same as the effect of forfeiture on that Share
- 27 14 A Share which has been surrendered may be dealt with in the same way as a Share which has been forfeited

## APPENDIX

### Fair Value<sup>1</sup>

- 28 The Fair Value of any Shares to be transferred under these Articles shall be the sum that the proposed vendor(s) and purchaser(s) of the relevant Shares (the "**parties**") agree to be the Fair Value of those Shares. Provided always that if the parties cannot reach agreement the Fair Value shall be the sum that the Auditors or, in the event of an objection by either party to the Auditors so acting, a firm of independent chartered accountants nominated by the agreement of the parties or, failing such agreement, a firm of independent chartered accountants of good standing nominated on the application of either party by the President for the time being of the Institute of Chartered Accountants in England and Wales (or the corresponding officer in any successor body) shall determine and certify as the sum considered by it to be the Fair Value of such Shares as at the date of the relevant notice calculated in accordance with paragraph 2 of this Appendix. The parties and all other Members of the Company shall co-operate in doing everything reasonably necessary to engage such accountants, but the independent accountants will be validly appointed notwithstanding that the engagement letter is signed only on behalf of the proposed purchaser(s) of the relevant Shares and not by or on behalf of the proposed vendor(s).
- 29 The Auditors or independent chartered accountants appointed in terms of paragraph 1 (the "**Accountants**") shall
- 29 1 in determining the Fair Value of any Shares being transferred at any time
- 29 1 1 determine the sum which a willing buyer would offer to a willing seller for the entire issued share capital of the Company, on the basis that
- (a) any such offer is being made on *bona fide* arm's length terms,
  - (b) the method of valuation of the Company is based on a multiple of EBITDA of the Company (based on the accounts of the Company for the financial year end immediately preceding the date of the Deemed Transfer Notice) which is regarded as a reasonable and prevailing rate within the Company's industry,
  - (c) no account shall be taken of the fact that the Shares constitute a majority or minority interest in the Company,
  - (d) no account shall be taken of any restrictions attaching to the Shares under the Articles or any other agreement, and

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<sup>1</sup> We recommend that these provisions be checked with your Auditor to ensure they consider the basis of valuation workable



(e) the Shares are unencumbered

29 1 2 divide the resultant figure from paragraph 29 1 1 above by the total number of Shares in issue, and

29 1 3 multiply the resultant figure from paragraph 29 1 2 above by the number of Shares being transferred,

29 2 act at the cost of the Company as experts and not as arbitrators and their determination of the Fair Value (save in the case of manifest error) shall be final and binding on the parties for all purposes, and

29 3 prior to such determination take cognisance of any representations made by the relevant parties to the Accountants as to the Fair Value which they shall be entitled to make within 14 days after the date of appointment