
PRIVATE COMPANY LIMITED BY GUARANTEE

WRITTEN RESOLUTION

OF

KCG AUDIT LIMITED (the "Company")

Company Number: 09075270

Circulated on 1 OCTOBER 2019

(the "Circulation Date")

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006 (the "**Act**"), the Directors of the Company propose the following written resolution, being a special resolution (the "**Resolution**")

SPECIAL RESOLUTION

- 1 **THAT**, the articles of association attached hereto at Appendix A be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

The undersigned, being entitled to vote on the Resolution on the Circulation Date, hereby irrevocably agrees to the Resolution.



Alan Lees

Director

SATURDAY



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09/11/2019

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COMPANIES HOUSE

THE COMPANIES ACTS 1985 TO 2006

PRIVATE COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

KCG AUDIT LIMITED

(Company Number: 09075270)

(Adopted by special resolution passed on 1 October 2019)

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY GUARANTEE
ARTICLES OF ASSOCIATION
OF
KCG AUDIT LIMITED (the "Company")
(Company Number: 09075270)
(Adopted by special resolution passed on 1 October 2019)

1 INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

"**Act**" means the Companies Act 2006.

"**Audit Days**" means the level of audit and related consultancy services required by any Member and agreed with the Company in any Financial Year, represented by the equivalent number of 'man' audit days on which the relevant services are to be provided.

"**Appointor**" has the meaning given in Article 23.1.

"**Articles**" means the Company's articles of association for the time being in force.

"**Bankruptcy**" includes insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy.

"**Board**" means the board of Directors of the Company.

"**Business Day**" means any day (other than a Saturday, Sunday or public holiday in England) when banks in London are open for business.

"**Chairman**" means the Director appointed as Chairman of the Board pursuant to Article 12.5.

"**Conflict**" means a situation in which a director has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company.

"**Committee**" means any such committee the Board may appoint in accordance with Article 12.2.

"**CSG Regulations**" means the relevant provisions contained in Article 132(1)(f) of the Principal VAT Directive, Group 16 of Schedule 9 to the Value Added Tax Act 1994 and the VAT Cost Sharing Exemption Manual CSE1000 to CSE3000 published by HM Revenue & Customs and all subsequent briefs and updates including "Revenue and Customs Brief 3 (2018): changes to the VAT exemption for cost sharing groups" as each of the same may be amended and updated from time to time.

"Cost Sharing Group" or **"CSG"** means a cost sharing group formed and operating in accordance with the CSG Regulations.

"Director" means a director of the Company and includes any person occupying the position of director, by whatever name called.

"Document" includes, unless otherwise specified, any document sent or supplied in electronic form.

"Electronic Form" has the meaning given in section 1168 of the Act.

"Eligible Director" means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding in relation to the authorisation of a Conflict pursuant to Article 19, any Director whose vote is not to be counted in respect of the particular matter).

"Excess" has the meaning given in Article 26.1.

"Financial Year" means 1 August to 31 July or such other period as may be determined by the Board from time to time.

"HEI" means a higher education institution.

"Interested Director" has the meaning given in Article 20.1.

"Managing Director" means the managing director of the Company from time to time, appointed in accordance with Article 12.6.

"Member" means a person whose name is entered in the Register of Members of the Company and **"Membership"** shall be construed accordingly.

"Member Representative" means the authorised representative of any Member, a person authorised under section 323 of the Act to act as the representative of a corporation or a person appointed as a proxy of a Member.

"Ordinary Resolution" has the meaning given in section 282 of the Act.

"Proxy Notice" shall have the meaning set out in Article 10.4.

"Reserved Business" means business concerning the following matters:

- (a) approval of a merger with another organisation or takeover of another organisation;
and
- (b) approval of a decision to wind up the Company.

"Secretary" means the secretary of the Company and any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary.

"Special Resolution" has the meaning given in section 283 of the Act.

"Subsidiary" has the meaning given in section 1159 of the Act.

"Subscription Fee" shall have the meaning set out in Article 7.6.

- 1.2** 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 or statutory provision shall include any subordinate legislation from time to time made under that statute or statutory provision.
- 1.6** Any word following the terms "**including**", "**include**", "**in particular**", "**for example**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7** References to "**writing**" shall include the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise and "**written**" shall be construed accordingly.
- 1.8** The model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*) shall be excluded by these Articles. These Articles shall be the articles of association of the Company.

2 OBJECT

The object for which the Company is established is to provide audit and related consultancy services to its Members on a cost sharing basis (as a CSG) and other Board approved third party higher education and/or similar institutions (which may be outside the CSG regime).

3 POWERS

In pursuance of the object set out in Article 2 (and subject to the provisions of these Articles in relation to Board and Member approval), the Company has the power to do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of the object (or any parts of it) set out in Article 2 (subject to Article 6).

4 WINDING UP

On the winding-up or dissolution of the Company, after provision has been made for all its debts and liabilities, any assets or property that remains available to be distributed or paid, shall be paid or distributed to the Members.

5 GUARANTEE

The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while it is a Member or within one year after it ceases to be a Member, for:

- (a) *payment of the Company's debts and liabilities contracted before it ceases to be a Member;*
- (b) *payment of the costs, charges and expenses of the winding up; and*

- (c) adjustment of the rights of the contributories among themselves.

6 COST SHARING GROUP CONDITIONS

- 6.1** Each Member shall submit a notice in writing to the Board no later than 31 July in each Financial Year to confirm that it satisfies the HMRC conditions applicable to CSG members.
- 6.2** Subject to Article 8.3, any Member who is unable to confirm compliance with the conditions for Membership of the CSG in any given Financial Year shall be liable for expulsion in accordance with Article 8.1(a) and may be removed as a Member, and in any event the VAT cost sharing exemption shall not apply to the Services provided to that Member.

MEMBERSHIP AND MEMBERS

7 MEMBERSHIP

- 7.1** The Board may establish and/or amend rules or by-laws governing matters relating to Company administration that are required from time to time for the effective operation of the Company (for example, the provisions relating to classes of Members, Membership fees and subscriptions and the admission criteria for Members). If there is a conflict or inconsistency between the terms of these Articles and any rules or by-laws established under this Article, the terms of these Articles shall prevail. The rules or by-laws from time to time in force shall be binding on the Members and officers of the Company and all persons claiming through such Members.
- 7.2** The Membership of the Company may be expanded once each Financial Year at the beginning of each Financial Year only and an applicant for Membership must be proposed by the Managing Director and such proposal must be approved by a majority vote of the Board.
- 7.3** The Board may in its absolute discretion decline to accept any application for Membership and need not give reasons for doing so.
- 7.4** The Board may prescribe criteria for Membership of the Company but shall not be obliged to accept persons fulfilling those criteria as Members.
- 7.5** A letter shall be sent to each successful applicant confirming its Membership of the Company and the details of each successful applicant shall be entered into the Register of Members by the Secretary (if one is in office) or by (or at the direction of) any Director.
- 7.6** All Members must pay to the Company in each year in advance on 1 August, 1 November, 1 February and 1 May in quarterly instalments (and additional instalments as may be determined by the Directors) a subscription fee to be decided by the Directors from time to time based on the Member's share of the costs of the Company calculated by reference to the number of Audit Days taken or to be taken by the relevant Member in the relevant Financial Year and other applicable costs and expenses (the "**Subscription Fee**").
- 7.7** Each Member shall pay to the Company any part of its Subscription Fee not later than thirty (30) days following receipt of each invoice for any such amount(s).
- 7.8** Membership is non-transferable.

- 7.9** Members may resign their Membership with effect from the end of any Financial Year, subject to such Member having given to the Board (at the registered office of the Company) not less than six (6) months' written notice of its intention to resign.

8 EXPULSION OF MEMBER

- 8.1** The Board may terminate the Membership of any Member without its consent by giving the Member written notice if, in the reasonable opinion of the Board, the Member:

- (a) fails to meet the eligibility criteria to qualify as a member of a Cost Sharing Group as set out in Article 6;
- (b) is guilty of conduct which has or is likely to have a serious adverse effect on the Company or bring the Company or any or all of the Members and Directors into disrepute; or
- (c) has acted or has threatened to act in a manner which is contrary to the interests of the Company as a whole; or
- (d) has failed to observe the terms of these Articles and any rules made by the Board; or
- (e) a resolution is passed or an order is made for the winding up of that Member; or
- (f) that Member becomes subject to an administration order, or a receiver or administrative receiver is appointed over any of its property or assets; or
- (g) it is insolvent or would be taken to be insolvent under Section 123 of the Insolvency Act 1986 (save that the reference in that section to "£750" shall be replaced by "£10,000"); or
- (h) the Member is dissolved; or
- (i) that Member becomes subject to any event, circumstance or occurrence analogous to those set out in parts (e) to (h) inclusive of this Article 8.1,

and where the decision of the Board is to terminate the Membership of any Member, the Membership shall be deemed to have been terminated automatically on the occurrence of the relevant event.

- 8.2** Following any such termination in accordance with the provisions of Article 8.1 or resignation by a Member in accordance with the provisions of Article 7.9, the Member shall be removed from the Register of Members by the Secretary (if one is in office) or by, or at the direction of, any Director.
- 8.3** The notice to the Member must give the Member the opportunity to be heard in writing or in person as to why its Membership should not be terminated. The Directors must consider any representations made on behalf of the Member and inform the Member of their decision following such consideration. There shall be no right to appeal from a decision of the Directors to terminate the Membership of a Member.
- 8.4** A Member whose Membership is terminated under this Article 8 or which shall resign its Membership in accordance with Article 7.9 shall not be entitled to a refund of any Subscription Fee or Membership fee and shall remain liable to pay to the Company any element of the Subscription Fee or other sum owed by it.

9 ORGANISATION OF GENERAL MEETINGS OF MEMBERS

- 9.1** Five Members present at a general meeting shall constitute a quorum, unless any of such Members are represented by the same Member Representative.
- 9.2** No business other than the appointment of the Chairman of the Meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.
- 9.3** A general meeting of the Company (other than an adjourned general meeting) must be called by notice of at least fourteen days.
- 9.4** A general meeting of the Company may be called by notice shorter than that required by Article 9.3 if shorter notice is agreed by all the Members having a right to attend and vote at a general meeting.
- 9.5** The notice of the general meeting shall state:
- (a) the time and date of the meeting;
 - (b) the place of the meeting; and
 - (c) the general nature of the business to be dealt with at the meeting.
- 9.6** Notice of a general meeting of the Company must be given to all Members of the Company and all Directors in office:
- (a) in hard copy form; or
 - (b) in Electronic Form.
- 9.7** A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 9.8** A person is able to exercise the right to vote at a general meeting when:
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 9.9** The Board may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 9.10** In determining attendance at a general meeting, it is immaterial whether any two or more Members attending it are in the same place as each other.
- 9.11** Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- 9.12** If the Board has appointed a Chairman, the Chairman shall chair general meetings if present and willing to do so.

- 9.13** If the Board has not appointed a Chairman, or if the Chairman is unwilling to chair the meeting or is not present within thirty minutes of the time at which a meeting was due to start:
- (a) the Directors present; or
 - (b) (if no Directors are present), the meeting,
- must appoint a Director or Member to chair the meeting, and the appointment of the Chairman of the Meeting must be the first business of the meeting.
- 9.14** The person chairing a meeting in accordance with this Article 9 is referred to as the "Chairman of the Meeting".
- 9.15** Directors may attend and speak at general meetings, whether or not they are Member Representatives.
- 9.16** The Chairman of the Meeting may permit other persons who are not Members of the Company to attend and speak at a general meeting.
- 9.17** If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the Meeting must adjourn it.
- 9.18** The Chairman of the Meeting may adjourn a general meeting at which a quorum is present if:
- (a) the meeting consents to an adjournment; or
 - (b) it appears to the Chairman of the Meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 9.19** The Chairman of the Meeting must adjourn a general meeting if directed to do so by the meeting.
- 9.20** When adjourning a general meeting, the Chairman of the Meeting must:
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Board; and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 9.21** If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Board must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- (a) to the same persons to whom notice of the Company's general meetings is required to be given; and
 - (b) containing the same information which such notice is required to contain.
- 9.22** No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

10 DECISION MAKING BY MEMBERS

- 10.1** Subject to the Act, at any general meeting every Member who is present in person (or by proxy) shall on a show of hands or on a poll have one vote.
- 10.2** No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 10.3** Any such objection must be referred to the Chairman of the Meeting whose decision is final.
- 10.4** Proxies may only validly be appointed by a notice in writing (a "**Proxy Notice**") which:
- (a) states the name and address of the Member appointing the proxy;
 - (b) identifies the person appointed to be that Member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the Member appointing the proxy, or is authenticated in such manner as the Board may determine; and
 - (d) 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. The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes,
- and a Proxy Notice which is not delivered in such manner shall be invalid, unless the Board, in their discretion, accept the notice at any time before the meeting.
- 10.5** Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 10.6** Unless a Proxy Notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
- 10.7** A person who is entitled to attend, speak or vote at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person but if such person attends the meeting and votes, any vote of the proxy appointed under the Proxy Notice shall not be counted.
- 10.8** An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 10.9** A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

- 10.10** If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.
- 10.11** An Ordinary Resolution to be proposed at a general meeting may be amended by Ordinary Resolution if:
- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the Meeting may determine); and
 - (b) the proposed amendment does not, in the reasonable opinion of the Chairman of the Meeting, materially alter the scope of the resolution.
- 10.12** A Special Resolution to be proposed at a general meeting may be amended by Ordinary Resolution, if:
- (a) the Chairman of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 10.13** If the Chairman of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.

DIRECTORS

11 DIRECTORS' GENERAL AUTHORITY

- 11.1** Subject to the Articles, the Board is responsible for the management of the Company's business, for which purpose it may exercise all the powers of the Company.
- 11.2** The management of the business of the Company (including setting strategy and managing all financial and operational matters but excluding any Reserved Business) shall be vested in the Board provided that the Board may exercise all such powers and do all such acts and things as may be exercised or done by the Company and which are not hereby or by statute expressly directed or required to be done or exercised by the Members and provided that the Board shall consist of the Chairman, Managing Director and four such other Directors as may be appointed pursuant to Article 12.4.
- 11.3** The Members may by Special Resolution, direct the Board to take, or refrain from taking, specified action.
- 11.4** No such Special Resolution invalidates anything which the Directors have done before the passing of the resolution.

12 BOARD OF DIRECTORS

- 12.1** *The Board shall meet at least three times a year and at such other times as they shall agree.* The Board may make such regulations as they think fit as to the summoning and holding of meetings and of the transaction of business thereat, and they may adjourn any meeting.

12.2 The Board shall have the power to delegate, subject to such conditions as they think fit, any of their powers to Committees consisting of:

- (a) at least one member of the Board;
- (b) a representative of the Members; and
- (c) such other persons as they may think fit and to make such regulations for proceedings of such Committees as they may think fit,

provided always the relevant Committee shall report to the Board on a regular basis.

12.3 A person ceases to be a Director as soon as:

- (a) that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;
- (b) a Bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (e) that person is removed as a Director in accordance with Article 12.4; and
- (f) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms.

12.4 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director and may be removed as a Director by a decision of the Board, such decision subject to ratification by Ordinary Resolution, or by ordinary resolution.

12.5 One of the Directors in office shall be appointed as the Chairman by a majority vote of the Board. The Chairman shall serve for a three year period (unless they cease to be a Director during that period). In the absence of a duly elected Chairman or if they are not present, the Directors present at any meeting shall choose someone of their number to be chairman thereof.

12.6 The Managing Director shall be a statutory director and shall be appointed by a majority vote of the Board.

13 CALLING A BOARD MEETING

13.1 Any Director may call a Directors' meeting by giving not less than 20 Business Days' notice of the meeting (or such lesser notice as all the Directors may agree) to the Directors or by authorising the Secretary (if any) to give such notice.

13.2 Notice of a Directors' meeting shall be given to each Director in writing.

13.3 Notice of any Directors' meeting must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

13.4 A Director who is absent from the UK and who has no registered address in the UK shall not be entitled to notice of the Directors' meeting.

14 QUORUM FOR BOARD MEETINGS

14.1 Subject to Articles 14.3 and 14.4, the quorum for the transaction of business at a board meeting is any five Eligible Directors providing that one such Eligible Director is the Managing Director.

14.2 For the purposes of any meeting (or part of a meeting) held pursuant to Article 19 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director (which need not be the Managing Director if the Managing Director is an Interested Director) and, if the Managing Director is an Interested Director, the proviso that the Managing Director must form part of the quorum (set out in Article 14.1) shall not apply.

14.3 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 Members to appoint further Directors.

14.4 If the total number of Eligible Directors present at the meeting is not five then the quorum for transacting business shall be Four Eligible Directors providing:

- (a) one such Eligible Director is the Managing Director; and
- (b) the Board meeting to be held within 24 hours of the initial meeting where the quorum for transacting business was not reached.

15 DECISION MAKING BY THE BOARD

15.1 The general rule about decision-making by the Board is that any decision of the Board must be either a majority decision at a meeting or a decision taken in accordance with Article 16.

15.2 If:

- (a) the Company only has one Director for the time being; and
- (b) no provision of the Articles requires it to have more than one Director,

the general rule does not apply, and the Director may for so long as he remains the sole Director only act to appoint another Director.

15.3 Subject to the Articles, Directors "**Participate**" in a Board meeting, or part of a Board meeting, when:

- (a) the meeting has been called and takes place in accordance with the Articles; and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (c) In determining whether Directors are participating in a Board meeting, it is irrelevant where any Director is or how they communicate with each other.
- (d) If all the Directors participating in a Board meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

16 UNANIMOUS DECISIONS OF DIRECTORS

16.1 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.

16.2 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.

16.3 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.

17 CASTING VOTE AT BOARD MEETINGS

17.1 If the numbers of votes for and against a proposal at a board meeting are equal, the Chairman or other Director chairing the meeting shall have a casting vote.

17.2 Article 17.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the Chairman or other Director is not an Eligible Director for the purposes of that meeting (or part of a meeting).

18 DIRECTORS' REMUNERATION

18.1 Directors may undertake any services for the Company that the Board decides.

18.2 Directors are entitled to such remuneration as the Board determines by such process as the Board determines (subject to inclusion of any change in the relevant budget):

- (a) for their services to the Company as Directors; and
- (b) for any other service which they undertake for the Company.

18.3 Subject to the Articles, a Director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of an allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

18.4 Unless the Board decides otherwise, Directors' remuneration accrues from day to day.

18.5 Unless the Board decides otherwise, Directors are not accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company or any of its subsidiaries or of any other body corporate in which the Company is interested.

18.6 The Company may pay any reasonable expenses which the Directors and the Secretary (if one is in office) properly incur in connection with their attendance at:

- (a) Board meetings or committees of Directors; or
- (b) general meetings,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

19 ANNUAL BUDGET

19.1 Before the 31 March of each Financial Year of the Company, the draft budget for the next Financial Year, showing proposed costs, day rates and cash flow figures, anticipated fee income (split between Member and non-Member fees), estimated corporation tax liability, planned capital expenditure (if any) and all other anticipated material commitments for each such Financial Year (including, for the avoidance of doubt, any Directors' remuneration) shall be prepared and submitted to the Board for its approval in such form and to contain such other information as the Board may require. Following approval by the Board, such approval to be before the 30 June of the current Financial Year, the draft budget shall be the annual budget for such year (the "**Annual Budget**");

19.2 Each Annual Budget shall not be implemented until approved by the Board in accordance with Article 19.1.

19.3 Following the approval of an Annual Budget, no variation or addition thereto shall be made without the consent of the Board and each of the Members shall be provided with the Annual Budget for each Financial Year once available.

20 DIRECTORS' CONFLICTS OF INTEREST

20.1 The Directors may, in accordance with the requirements set out in this Article 19, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an "**Interested Director**") breaching his duty to avoid conflicts of interest under section 175 of the Act.

20.2 Any authorisation under this Article 19 shall 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; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to *if the Interested Director's vote had not been counted*.

- 20.3** Any authorisation of a Conflict under this Article 19 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 shall 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.
- 20.4** Where the Directors authorise a Conflict, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 20.5** The Directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 20.6** 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 in accordance with these Articles 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.
- 20.7** 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 Act, 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.

21 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.

22 NUMBER OF DIRECTORS

Unless otherwise determined by Ordinary Resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than six.

23 APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS

23.1 Any Director (other than an alternate 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 Appointor.

23.2 Any appointment or removal of an alternate Director must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the Directors.

23.3 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 he is willing to act as the alternate of the Director giving the notice.

24 RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

24.1 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 Appointor.

24.2 Except as the Articles specify otherwise, alternate Directors are:

- (a) deemed for all purposes to be Directors;
- (b) liable for their own acts and omissions;
- (c) subject to the same restrictions as their Appointors; and
- (d) 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.

24.3 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 Article 24.3.

24.4 A Director who is also an alternate Director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor, in addition to his own vote on any decision of the Directors (provided that an Appointor for whom he exercises a separate vote 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.

24.5 An alternate Director may be paid expenses and may be indemnified by the Company to the same extent as if he were a Director but shall not be entitled to receive any remuneration from the Company for serving as an alternate Director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

25 TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate Director's appointment as an alternate (in respect of a particular Appointor) 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 Director's Appointor ceases to be a Director for whatever reason.

26 DISTRIBUTIONS

- 26.1** In the event that the costs and fees charged to any Member as Subscription Fees pursuant to Article 7.6 (being the costs and related expenses relating to the provision of audit and related consultancy services by the Company to such Member) are in excess of the actual costs incurred by the Company in providing such services to such Member (the "**Excess**"), the Excess shall be reimbursed to the relevant Member within ten (10) Business Days of the end of the Financial Year in which such Services were supplied. The payment of the Excess by the Company to the relevant Member shall be as a reimbursement of the overpayment made by the relevant Member to the Company and shall not be a distribution for the purposes of section 830 of the Act.
- 26.2** The Directors may decide to pay distributions if profits are available for such purposes in accordance with the Act.
- 26.3** Unless a Special Resolution is passed to specify otherwise, any distribution must be paid to all Members equally.
- 26.4** Where a distribution is payable to a Member, it must be paid by one or more of the following means:
- (a) transfer to a bank or building society account specified by the relevant Member either in writing or as the Directors may otherwise decide;
 - (b) sending a cheque made payable to the relevant Member by post to the relevant Member at the relevant Member's registered address or to an address specified by the relevant Member either in writing or as the Directors may otherwise decide; or
 - (c) any other means of payment as the Directors agree with the relevant Member either in writing or by such other means as the directors decide.

27 INDEMNITY AND INSURANCE

- 27.1** Subject to Article 27.2, 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, in the actual or purported execution and/or discharge of his duties, or in relation to them, including 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 27.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

27.2 This Article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Act or by any other provision of law and any such indemnity is limited accordingly.

27.3 The Directors will purchase and maintain insurance, on behalf of and at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

27.4 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 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) a "**relevant officer**" means any Director or other officer of the Company, 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).

28 SECRETARY

The Directors may appoint any person who is willing to act as the company 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.

29 CHANGE OF COMPANY NAME

The name of the Company may be changed by:

- (a) a decision of the Directors; or
 - (b) a Special Resolution of the Members,
- or otherwise in accordance with the Act.

30 ADMINISTRATIVE ARRANGEMENTS

30.1 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 (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- (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 in Electronic Form, 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.
- 30.2** 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.
- 30.3** For the purposes of this Article 30, no account shall be taken of any part of a day that is not a Business Day.