

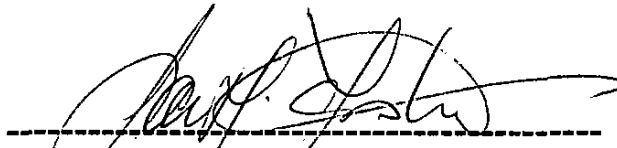
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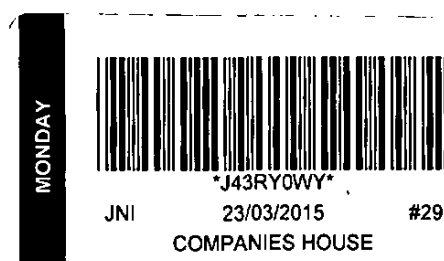
**This is to certify that this is an updated copy  
of the ARTICLES OF ASSOCIATION  
OF**

**The WEB THEATRE Ltd.  
NI605331**

**as at 23<sup>rd</sup> March 2015**

**Signed:**

  
-----  
**Mr. Jan Harold Foster**  
**Director**



**THE WEB THEATRE Ltd.**

**NI605331**

# **Companies Act 2006**

## **Company Limited By Guarantee Not Having a Share Capital**

### **Articles of Association of**

#### **THE WEB THEATRE LIMITED**

1. The company's name is: THE WEB THEATRE LIMITED

#### **Interpretation**

2. In the articles:

"address" means a postal address or, for the purposes of electronic communication, a fax number, an e-mail or postal address or a telephone number for receiving text messages in each case registered with the charity;

"the articles" means the charity's articles of association;

"the charity" means the company intended to be regulated by the articles;

"clear days" in relation to the period of a notice means a period excluding:

the day when the notice is given or deemed to be given; and the day for which it is given or on which it is to take effect;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006) insofar as they apply to the charity;

"the directors" means the directors of the charity. The directors are charity trustees as defined by The Charities Act (Northern Ireland) 2008;

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

"electronic form" has the meaning given in section 1168 of the Companies Act 2006;

"the memorandum" means the charity's memorandum of association;

"officers" includes the directors and the secretary (if any);  
"the seal" means the common seal of the charity if it has one;

"secretary" means any person appointed to perform the duties of the secretary of the charity;

"the United Kingdom" means Great Britain and Northern Ireland;  
and

words importing one gender shall include all genders, and the singular includes the plural and vice versa.

Unless the context otherwise requires words or expressions contained in the articles have the same meaning as in the Companies Acts but excluding any statutory modification not in force when this constitution becomes binding on the charity.

Apart from the exception mentioned in the previous paragraph a reference to an Act of Parliament includes any statutory modification or re-enactment of it for the time being in force.

### **Liability of members**

#### **3.**

- (1) The liability of the members is limited.
- (2) Every member of the charity promises, if the charity is dissolved while he or she or it is a member or within twelve months after he or she or it ceases to be a member, to contribute such sum (not exceeding £10) as may be demanded of him or her or it towards the payment of the debts and liabilities of the charity incurred before he or she or it ceases to be a member, and of the costs charges and expenses of winding up, and the adjustment of the rights of the contributories among themselves.

### **Objects**

#### **4.** The charity's objects are specifically restricted to the following:

To advance education for the public benefit by the promotion of the arts, in particular but not exclusively the art of drama, in particular but not exclusively for children. To present, promote, organise, provide, manage and produce dramas, dance, operas, films, broadcasts, concerts, musical pieces, entertainments, exhibitions, tutorials, seminars, courses, workshops whether on any premises of the Company or elsewhere.

### **Powers**

#### **5.** The charity has power to do anything which is calculated to further its Object(s) or is conducive or incidental to doing so in particular, the charity has power:

- (1) to raise funds. In doing so, the charity must not undertake any substantial permanent trading activity and must comply

with any relevant statutory regulations;

- (2) to buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;
- (3) to sell, lease or otherwise dispose of all or any part of the property belonging to the charity. In exercising this power, the charity must comply as appropriate with the Charities Act (Northern Ireland) 2008.
- (4) to borrow money and to charge the whole or any part of the property belonging to the charity as security for repayment of the money borrowed or as security for a grant or the discharge of an obligation. The charity must comply as appropriate with the Charities Act (Northern Ireland) 2008, if it wishes to mortgage land;
- (5) to co-operate with other charities, voluntary bodies and statutory authorities and to exchange information and advice with them;
- (6) to establish or support any charitable trusts, associations or institutions formed for any of the charitable purposes included in the Objects;
- (7) to acquire, merge with or to enter into any partnership or joint venture arrangement with any other charity;
- (8) to set aside income as a reserve against future expenditure but only in accordance with a written policy about reserves;
- (9) to employ and remunerate such staff as are necessary for carrying out the work of the charity. The charity may employ or remunerate a director only to the extent it is permitted to do so by article 6 and provided it complies with the conditions in that article;
- (10) to:
  - (a) deposit or invest funds;
  - (b) employ a professional fund-manager; and
  - (c) arrange for the investments or other property of the charity to be held in the name of a nominee;

in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000;

- (11) to provide indemnity insurance for the directors in accordance with, and subject to the conditions in The Charities Act (Northern Ireland) 2008;
- (12) to pay out of the funds of the charity the costs of forming and registering both as a company and as a charity;

## **Application of income and property**

### **Universal clauses**

**6.**

- (1) The income and property of the charity shall be applied solely towards the promotion of the Objects
- (2)
  - (a) A director is entitled to be reimbursed from the property of the charity or may pay out of such property reasonable expenses properly incurred by him or her when acting on behalf of the charity
  - (b) A director may benefit from trustee indemnity insurance cover purchased at the charity's expense in accordance with, and subject to the conditions in the Charities Act (Northern Ireland) 2008.
  - (c) A director may receive an indemnity from the charity in the circumstances specified in article 56.
- (3) None of the income or property of the charity may be paid or transferred directly or indirectly by way of dividend bonus or otherwise by way of profit to any member of the charity. This does not prevent a member who is not also a director receiving:
  - (a) a benefit from the charity in the capacity of a beneficiary of the charity;
  - (b) reasonable and proper remuneration for any goods or services supplied to the charity.

### **Directors' benefits**

- (4) No director or connected person may buy goods or services from the charity on terms preferential to those applicable to other members of the public, or sell goods or services to the charity or receive remuneration, or receive any other financial benefit from the charity.

### **Members**

**7.**

- (1) The subscribers to the memorandum are the first members of the charity.
- (2) Membership is open to other individuals or organisations who:
  - (a) apply to the charity in the form required by the directors; and
  - (b) are approved by the directors
- (3)
  - (a) The directors may only refuse an application for

membership if, acting reasonably and properly, they consider it to be in the best interests of the charity to refuse the application.

- (b) The directors must inform the applicant in writing of the reasons for the refusal within twenty-one days of the decision.
  - (c) The directors must consider any written representations the applicant may make about the decision. The directors' decision following any written representations must be notified to the applicant in writing but shall be final.
- (4) Membership is not transferable.
  - (5) The directors must keep a register of names and addresses of the members.

### **Classes of membership**

#### **8.**

- (1) The directors may establish classes of membership with different rights and obligations and shall record the rights and obligations in the register of members.
- (2) The directors may not directly or indirectly alter the rights or obligations attached to a class of membership.
- (3) The rights attached to a class of membership may only be varied if:
  - (a) three-quarters of the members of that class consent in writing to the variation; or
  - (b) a special resolution is passed at a separate general meeting of the members of that class agreeing to the variation
- (4) The provisions in the articles about general meetings shall apply to any meeting relating to the variation of the rights of any class of members.

### **Termination of membership**

#### **9. Membership is terminated if:**

- (1) the member dies or, if it is an organisation, ceases to exist;
- (2) the member resigns by written notice to the charity unless, after the resignation, there would be less than two members;
- (3) any sum due from the member to the charity is not paid in full within six months of it falling due;
- (4) the member is removed from membership by a resolution of the directors that it is in the best interests of the charity that his or

her or its membership is terminated A resolution to remove a member from membership may only be passed if:

- (a) the member has been given at least twenty-one days' notice in writing of the meeting of the directors at which the resolution will be proposed and the reasons why it is to be proposed;
- (b) the member or, at the option of the member, the member's representative (who need not be a member of the charity) has been allowed to make representations to the meeting.

### **General meetings**

**10.**

- (1) The charity must hold its first annual general meeting within eighteen months after the date of its incorporation.
- (2) An annual general meeting must be held in each subsequent year and not more than fifteen months may elapse between successive annual general meetings.

**11.** The directors may call a general meeting at any time.

### **Notice of general meetings**

**12.**

- (1) The minimum periods of notice required to hold a general meeting of the charity are:
  - (a) twenty-one clear days for an annual general meeting or a general meeting called for the passing of a special resolution;
  - (b) fourteen clear days for all other general meetings.
- (2) A general meeting may be called by shorter notice if it is so agreed by a majority in number of members having a right to attend and vote at the meeting, being a majority who together hold not less than 90 percent of the total voting rights.
- (3) The notice must specify the date time and place of the meeting and the general nature of the business to be transacted If the meeting is to be an annual general meeting, the notice must say so The notice must also contain a statement setting out the right of members to appoint a proxy under section 324 of the Companies Act 2006 and article 19.
- (4) The notice must be given to all the members and to the directors and auditors.

**13.** The proceedings at a meeting shall not be invalidated because a person who was entitled to receive notice of the meeting did not receive it because of an accidental omission by the charity



## **Proceedings at general meetings**

### **14.**

- (1) No business shall be transacted at any general meeting unless a quorum is present.
- (2) A quorum is:
  - (a) 2 members present in person or by proxy and entitled to vote upon the business to be conducted at the meeting;  
or
  - (b) one tenth of the total membership at the time  
whichever is the greater
- (3) The authorised representative of a member organisation shall be counted in the quorum.

### **15. (1) If:**

- (a) a quorum is not present within half an hour from the time appointed for the meeting; or
- (b) during a meeting a quorum ceases to be present;

*the meeting shall be adjourned to such time and place as the directors shall determine.*

- (2) The directors must reconvene the meeting and must give at least seven clear days' notice of the reconvened meeting stating the date, time and place of the meeting.
- (3) If no quorum is present at the reconvened meeting within fifteen minutes of the time specified for the start of the meeting the members present in person or by proxy at that time shall constitute the quorum for that meeting.

### **16.**

- (1) General meetings shall be chaired by the person who has been appointed to chair meetings of the directors.
- (2) If there is no such person or he or she is not present within fifteen minutes of the time appointed for the meeting a director nominated by the directors shall chair the meeting.
- (3) If there is only one director present and willing to act, he or she shall chair the meeting.
- (4) If no director is present and willing to chair the meeting within fifteen minutes after the time appointed for holding it, the members present in person or by proxy and entitled to vote must choose one of their number to chair the meeting.

17.

- (1) The members present in person or by proxy at a meeting may resolve by ordinary resolution that the meeting shall be adjourned.
- (2) The person who is chairing the meeting must decide the date, time and place at which the meeting is to be reconvened unless those details are specified in the resolution.
- (3) No business shall be conducted at a reconvened meeting unless it could properly have been conducted at the meeting had the adjournment not taken place.
- (4) if a meeting is adjourned by a resolution of the members for more than seven days, at least seven clear days' notice shall be given of the reconvened meeting stating the date, time and place of the meeting

18.

- (1) Any vote at a meeting shall be decided by a show of hands unless before, or on the declaration of the result of, the show of hands a poll is demanded:
  - (a) by the person chairing the meeting; or
  - (b) by at least two members present in person or by proxy and having the right to vote at the meeting; or
  - (c) by a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.
- (2)
  - (a) The declaration by the person who is chairing the meeting of the result of a vote shall be conclusive unless a poll is demanded.
  - (b) The result of the vote must be recorded in the minutes of the charity but the number or proportion of votes cast need not be recorded.
- (3)
  - (a) A demand for a poll may be withdrawn, before the poll is taken, but only with the consent of the person who is chairing the meeting
  - (b) If the demand for a poll is withdrawn the demand shall not invalidate the result of a show of hands declared before the demand was made.
- (4)
  - (a) A poll must be taken as the person who is chairing the meeting directs, who may appoint scrutineers (who need not be members) and who may fix a time and place for declaring the results of the poll.
  - (b) The result of the poll shall be deemed to be the resolution

of the meeting at which the poll is demanded.

- (5) (a) A poll demanded on the election of a person to chair a meeting or on a question of adjournment must be taken immediately.
- (b) A poll demanded on any other question must be taken either immediately or at such time and place as the person who is chairing the meeting directs.
- (c) The poll must be taken within thirty days after it has been demanded
- (d) If the poll is not taken immediately at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- (e) If a poll is demanded the meeting may continue to deal with any other business that may be conducted at the meeting

#### **Content of proxy notices**

#### **19.**

- (1) 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 directors may determine; and
  - (d) is delivered to the charity in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The charity may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) 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.
- (4) 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.

#### **Delivery of proxy notices**

##### **19A**

- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) 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 charity by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the charity a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) 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.
- (4) 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.

#### **Written resolutions**

##### **20.**

- (1) A resolution in writing agreed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of the members who would have been entitled to vote upon it had it been proposed at a general meeting shall be effective provided that:
  - (a) a copy of the proposed resolution has been sent to every eligible member;
  - (b) a simple majority (or in the case of a special resolution a majority of not less than 75%) of members has signified its agreement to the resolution; and
  - (c) it is contained in an authenticated document which has been received at the registered office within the period of 28 days beginning with the circulation data.
- (2) A resolution in writing may comprise several copies to which one or more members have signified their agreement.
- (3) In the case of a member that is an organisation, its authorised representative may signify its agreement.

### **Votes of members**

- 21.** Subject to article 8, every member, whether an individual or an organisation, shall have one vote.
- 22.** Any objection to the qualification of any voter must be raised at the meeting at which the vote is tendered and the decision of the person who is chairing the meeting shall be final.
- 23.**
  - (1) Any organisation that is a member of the charity may nominate any person to act as its representative at any meeting of the charity.
  - (2) The organisation must give written notice to the charity of the name of its representative. The representative shall not be entitled to represent the organisation at any meeting unless the notice has been received by the charity. The representative may continue to represent the organisation until written notice to the contrary is received by the charity.
  - (3) Any notice given to the charity will be conclusive evidence that the representative is entitled to represent the organisation or that his or her authority has been revoked. The charity shall not be required to consider whether the representative has been properly appointed by the organisation.

### **Directors**

- 24.**
  - (1) A director must be a natural person ages 16 years or older.
  - (2) No one may be appointed a director if he or she would be disqualified from acting under the provisions of article 36.
- 25.** The number of directors shall be not less than two but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
- 26.** The first directors shall be those persons notified to Companies House as the first directors of the charity.
- 27.** A director may not appoint an alternate director or anyone to act on his or her behalf at meetings of the directors.

### **Powers of directors**

- 28.**
  - (1) The directors shall manage the business of the charity and may exercise all the powers of the charity unless they are subject to any restrictions imposed by the Companies Acts, the articles or any special resolution.
  - (2) No alteration of the articles or any special resolution shall have retrospective effect to invalidate any prior act of the directors.

- (3) Any meeting of directors at which a quorum is present at the time the relevant decision is made may exercise all the powers exercisable by the directors.

#### **Retirement of directors**

29. At the first annual general meeting all the directors must retire from office unless by the close of the meeting the members have failed to elect sufficient directors to hold a quorate meeting of the directors. At each subsequent annual general meeting one-third of the directors or, if their number is not three or a multiple of three, the number nearest to one-third, must retire from office. If there is only one director he or she must retire.
- 30.
- (1) The directors to retire by rotation shall be those who have been longest in office since their last appointment. If any directors became or were appointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
  - (2) If a director is required to retire at an annual general meeting by a provision of the articles the retirement shall take effect upon the conclusion of the meeting.

#### **Appointment of directors**

31. The charity may by ordinary resolution:
- (1) appoint a person who is willing to act to be a director; and
  - (2) determine the rotation in which any additional directors are to retire.
32. No person other than a director retiring by rotation may be appointed a director at any general meeting unless:
- (1) he or she is recommended for re-election by the directors; or
  - (2) not less than fourteen nor more than thirty-five clear days before the date of the meeting, the charity is given a notice that:
    - (a) is signed by a member entitled to vote at the meeting;
    - (b) states the member's intention to propose the appointment of a person as a director;
    - (c) contains the details that, if the person were to be appointed, the charity would have to file at Companies House; and
    - (d) is signed by the person who is to be proposed to show his or her willingness to be appointed.

33. All members who are entitled to receive notice of a general meeting must be given not less than seven nor more than twenty-eight clear days' notice of any resolution to be put to the meeting to appoint a director other than a director who is to retire by rotation.
- 34.
- (1) The directors may appoint a person who is willing to act to be a director.
  - (2) A director appointed by a resolution of the other directors must retire at the next annual general meeting and must not be taken into account in determining the directors who are to retire by rotation.
35. The appointment of a director, whether by the charity in general meeting or by the other directors, must not cause the number of directors to exceed any number fixed as the maximum number of directors.

#### **Disqualification and removal of directors**

36. A director shall cease to hold office if he or she:
- (1) ceases to be a director by virtue of any provision in the Companies Acts or is prohibited by law from being a director;
  - (2) is disqualified from acting as a trustee by virtue of section 86 of the Charities Act (Northern Ireland) 2008 (or any statutory re-enactment or modification of that provision);
  - (3) ceases to be a member of the charity;
  - (4) becomes incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;
  - (5) resigns as a director by notice to the charity (but only if at least two directors will remain in office when the notice of resignation is to take effect); or
  - (6) is absent without the permission of the directors from all their meetings held within a period of six consecutive months and the directors resolve that his or her office be vacated.

#### **Remuneration of directors**

37. The directors must not be paid any remuneration unless it is authorised by article 6.

#### **Proceedings of directors**

- 38.
- (1) The directors may regulate their proceedings as they think fit, subject to the provisions of the articles.

- (2) Any director may call a meeting of the directors.
- (3) The secretary (if any) must call a meeting of the directors if requested to do so by a director.
- (4) Questions arising at a meeting shall be decided by a majority of votes.
- (5) In the case of an equality of votes, the person who is chairing the meeting shall have a second or casting vote.
- (6) A meeting may be held by suitable electronic means agreed by the directors in which each participant may communicate with all the other participants.

39.

- (1) No decision may be made by a meeting of the directors unless a quorum is present at the time the decision is purported to be made. ['Present' includes being present by suitable electronic means agreed by the directors in which a participant or participants may communicate with all the other participants.]
- (2) The quorum shall be two or the number nearest to one-third of the total number of directors, whichever is the greater, or such larger number as may be decided from time to time by the directors.
- (3) A director shall not be counted in the quorum present when any decision is made about a matter upon which that director is not entitled to vote.

40. If the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.

41.

- (1) The directors shall appoint a director to chair their meetings and may at any time revoke such appointment.
- (2) If no-one has been appointed to chair meetings of the directors or if the person appointed is unwilling to preside or is not present within ten minutes after the time appointed for the meeting, the directors present may appoint one of their number to chair that meeting.
- (3) The person appointed to chair meetings of the directors shall have no functions or powers except those conferred by the articles or delegated to him or her by the directors.

42.

- (1) A resolution in writing or in electronic form agreed by a simple majority of all the directors entitled to receive notice of a meeting of directors or of a committee of directors and to



vote upon the resolution shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) a committee of directors duly convened and held provided that:

- (a) a copy of the resolution is sent or submitted to all the directors eligible to vote; and
  - (b) a simple majority of directors has signified its agreement to the resolution in an authenticated document or documents which are received at the registered office within the period of 28 days beginning with the circulation date.
- (2) The resolution in writing may comprise several documents containing the text of the resolution in like form to each of which one or more directors has signified their agreement.

### **Delegation**

#### **43.**

- (1) The directors may delegate any of their powers or functions to a committee of two or more directors but the terms of any delegation must be recorded in the minute book.
- (2) The directors may impose conditions when delegating, including the conditions that:
  - (a) the relevant powers are to be exercised exclusively by the committee to whom they delegate;
  - (b) no expenditure may be incurred on behalf of the charity except in accordance with a budget previously agreed with the directors.
- (3) The directors may revoke or alter a delegation.
- (4) All acts and proceedings of any committees must be fully and promptly reported to the directors.

### **Declaration of directors' interests**

- 44.** A director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the charity or in any transaction or arrangement entered into by the charity which has not previously been declared. A director must absent himself or herself from any discussions of the directors in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the charity and any personal interest (including but not limited to any personal financial interest).

## **Conflicts of interests**

**45.**

- (1) If a conflict of interests arises for a director because of a duty of loyalty owed to another organisation or person and the conflict is not authorised by virtue of any other provision in the articles, the unconflicted directors may authorise such a conflict of interests where the following conditions apply:
  - (a) the conflicted director is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other organisation or person;
  - (b) the conflicted director does not vote on any such matter and is not to be counted when considering whether a quorum of directors is present at the meeting; and
  - (c) the unconflicted directors consider it is in the interests of the charity to authorise the conflict of interests in the circumstances applying.
- (2) In this article a conflict of interests arising because of a duty of loyalty owed to another organisation or person only refers to such a conflict which does not involve a direct or indirect benefit of any nature to a director or to a connected person.

## **Validity of directors' decisions**

**46.**

- (1) Subject to article 46(2), all acts done by a meeting of directors, or of a committee of directors, shall be valid notwithstanding the participation in any vote of a director:
  - (a) who was disqualified from holding office;
  - (b) who had previously retired or who had been obliged by the constitution to vacate office;
  - (c) who was not entitled to vote on the matter, whether by reason of a conflict of interests or otherwise;if without:
  - (d) the vote of that director; and
  - (e) that director being counted in the quorum;the decision has been made by a majority of the directors at a quorate meeting.
- (2) Article 46(1) does not permit a director or a connected person to keep any benefit that may be conferred upon him or her by a resolution of the directors or of a committee of directors if, but for article 46(1), the resolution would have

been void, or if the director has not complied with article 44.

### **Seal**

- 47.** If the charity has a seal it must only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary (if any) or by a second director.

### **Minutes**

- 48.** The directors must keep minutes of all:
- (1) appointments of officers made by the directors;
  - (2) proceedings at meetings of the charity;
  - (3) meetings of the directors and committees of directors including:
    - (a) the names of the directors present at the meeting;
    - (b) the decisions made at the meetings; and
    - (c) where appropriate the reasons for the decisions.

### **Accounts**

- 49.**
- (1) *The directors must prepare for each financial year accounts as required by the Companies Acts. The accounts must be prepared to show a true and fair view and follow accounting standards issued or adopted by the Accounting Standards Board or its successors and adhere to the recommendations of applicable Statements of Recommended Practice*
  - (2) The directors must keep accounting records as required by the Companies Acts.

### **Annual Report and Return and Register of Charities**

- 50.**
- (1) The directors must comply with the requirements of the Charities Act (Northern Ireland) 2008 with regard to the:
    - (a) transmission of the statements of account to the charity;
    - (b) preparation of an Annual Report and its transmission to the Commission;
    - (c) preparation of an Annual Return and its transmission to the Commission.

- (2) The directors must notify the Commission promptly of any changes to the charity's entry on the Central Register of Charities.

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

##### **51.**

- (1) Subject to the articles, anything sent or supplied by or to the charity under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the charity.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

##### **52.** Any notice to be given to or by any person pursuant to the articles:

- (1) must be in writing; or
- (2) must be given in electronic form.

##### **53.**

- (1) The charity may give any notice to a member either:
  - (a) personally; or
  - (b) by sending it by post in a prepaid envelope addressed to the member at his or her address; or
  - (c) by leaving it at the address of the member; or
  - (d) by giving it in electronic form to the member's address.
- (2) A member who does not register an address with the charity or who registers only a postal address that is not within the United Kingdom shall not be entitled to receive any notice from the charity.

##### **54.** A member present in person at any meeting of the charity shall be deemed to have received notice of the meeting and of the purposes for which it was called.

##### **55.**

- (1) Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given.
- (2) Proof that an electronic form of notice was given shall be conclusive where the company can demonstrate that it was properly addressed and sent, in accordance with section 1147 of the Companies Act 2006.

- (3) In accordance with section 1147 of the Companies Act 2006 notice shall be deemed to be given:
- (a) 48 hours after the envelope containing it was posted;  
Or
  - (b) in the case of an electronic form of communication, 48 hours after it was sent.

### **Indemnity**

#### **56.**

- (1) The charity may indemnify a relevant director against any liability incurred by him or her or it in that capacity, to the extent permitted by sections 232 to 234 of the Companies Act 2006.
- (2) In this article a "relevant director" means any director or former director of the charity.

### **Rules**

#### **57.**

- (1) The directors may from time to time make such reasonable and proper rules or bye laws as they may deem necessary or expedient for the proper conduct and management of the charity.
- (2) The bye laws may regulate the following matters but are not restricted to them:
  - (a) the admission of members of the charity (including the admission of organisations to membership) and the rights and privileges of such members, and the entrance fees, subscriptions and other fees or payments to be made by members;
  - (b) the conduct of members of the charity in relation to one another, and to the charity's employees and volunteers;
  - (c) the setting aside of the whole or any part or parts of the charity's premises at any particular time or times or for any particular purpose or purposes;
  - (d) the procedure at general meetings and meetings of the directors in so far as such procedure is not regulated by the Companies Acts or by the articles;
  - (e) generally, all such matters as are commonly the subject matter of company rules.
- (3) The charity in general meeting has the power to alter, add to or repeal the rules or bye laws.

- (4) The directors must adopt such means as they think sufficient to bring the rules and bye laws to the notice of members of the charity.
- (5) The rules or bye laws shall be binding on all members of the charity. No rule or bye law shall be inconsistent with, or shall affect or repeal anything contained in, the articles.

## **Dissolution**

58

- (1) The members of the charity may at any time before, and in expectation of, its dissolution resolve that any net assets of the charity after all its debts and liabilities have been paid, or provision has been made for them, shall on or before the dissolution of the charity be applied or transferred in any of the following ways:
  - (a) directly for the Objects; or
  - (b) by transfer to any charity or charities for purposes similar to the Objects; or
  - (c) to any charity or charities for use for particular purposes that fall within the Objects.
- (2) Subject to any such resolution of the members of the charity, the directors of the charity may at any time before and in expectation of its dissolution resolve that any net assets of the charity after all its debts and liabilities have been paid, or provision made for them, shall on or before dissolution of the charity be applied or transferred:
  - (a) directly for the Objects; or
  - (b) by transfer to any charity or charities for purposes similar to the Objects; or
  - (c) to any charity or charities for use for particular purposes that fall within the Objects.
- (3) In no circumstances shall the net assets of the charity be paid to or distributed among the members of the charity (except to a member that is itself a charity) and if no resolution in accordance with article 58(1) is passed by the members or the directors the net assets of the charity shall be applied for charitable purposes as directed by the Court or the Commission.

MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY GUARANTEE

INDEX TO THE ARTICLES

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms
2. Liability of members

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority
4. Members' reserve power
5. Directors may delegate
6. Committees

DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively
8. Unanimous decisions
9. Calling a directors' meeting
10. Participation in directors' meetings
11. Quorum for directors' meetings
12. Chairing of directors' meetings
13. Casting vote
14. Conflicts of interest
15. Records of decisions to be kept
16. Directors' discretion to make further rules

APPOINTMENT OF DIRECTORS

17. Methods of appointing directors
18. Termination of director's appointment
19. Directors' remuneration
20. Directors' expenses

PART 3

MEMBERS

BECOMING AND CEASING TO BE A MEMBER

21. Applications for membership
22. Termination of membership

## ORGANISATION OF GENERAL MEETINGS

- 23. Attendance and speaking at general meetings
- 24. Quorum for general meetings
- 25. Chairing general meetings
- 26. Attendance and speaking by directors and non-members
- 27. Adjournment

## VOTING AT GENERAL MEETINGS

- 28. Voting: general
- 29. Errors and disputes
- 30. Poll votes
- 31. Content of proxy notices
- 32. Delivery of proxy notices
- 33. Amendments to resolutions

## PART 4

### ADMINISTRATIVE ARRANGEMENTS

- 34. Means of communication to be used
- 35. Company seals
- 36. No right to inspect accounts and other records
- 37. Provision for employees on cessation of business

### DIRECTORS' INDEMNITY AND INSURANCE

- 38. Indemnity
- 39. Insurance

## PART 1

### INTERPRETATION AND LIMITATION OF LIABILITY

#### **Defined terms**

- 1. In the articles, unless the context requires otherwise—
  - "articles" means the company's articles of association;
  - "bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
  - "chairman" has the meaning given in article 12;
  - "chairman of the meeting" has the meaning given in article 25;
  - "Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;
  - "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 Companies Act 2006;  
"member" has the meaning given in section 112 of the Companies Act 2006;  
"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;  
"participate", in relation to a directors' meeting, has the meaning given in article 10;  
"proxy notice" has the meaning given in article 31;  
"special resolution" has the meaning given in section 283 of the Companies Act 2006;  
"subsidiary" has the meaning given in section 1159 of the Companies Act 2006; and  
"writing" means 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.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **Liability of members**

2. 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 he is a member or within one year after he ceases to be a member, for—

- (a) payment of the company's debts and liabilities contracted before he ceases to be a member,
- (b) payment of the costs, charges and expenses of winding up, and
- (c) adjustment of the rights of the contributories among themselves.

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS' POWERS AND RESPONSIBILITIES**

##### **Directors' general authority**

**3.**—Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

#### **Members' reserve power**

**4.**—(1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

#### **Directors may delegate**

**5.**—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions;

as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the

directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

#### **Committees**

**6.**—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

### **DECISION-MAKING BY DIRECTORS**

#### **Directors to take decisions collectively**

**7.**—(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If—

- (a) the company only has one director, 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 take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

## **Unanimous decisions**

- 8.**—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- (4) 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.

## **Calling a directors' meeting**

- 9.**—(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) 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.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **Participation in directors' meetings**

- 10.**—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' 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.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a 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.

### **Quorum for directors' meetings**

- 11.—**(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors 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.

### **Chairing of directors' meetings**

- 12.—**(1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.
- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

### **Casting vote**

- 13.—**(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

### **Conflicts of interest**

- 14.—**(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- (3) This paragraph applies when—
- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
  - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - (c) the director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this article, the following are permitted causes—

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such securities; and

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making

processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

### **Records of decisions to be kept**

**15.** The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

### **Directors' discretion to make further rules**

**16.** Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## **APPOINTMENT OF DIRECTORS**

### **Methods of appointing directors**

**17.—**(1) 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—

(a) by ordinary resolution, or

(b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no members and no directors, the personal representatives of the last member to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

## **Termination of director's appointment**

**18.** 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 Companies Act 2006 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) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (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.

## **Directors' remuneration**

**19.—(1)** Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the directors determine—

- (a) for their services to the company as directors, and
- (b) for any other service which they undertake for the company.

(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 a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

(5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

## **Directors' expenses**

**20.** The company may pay any reasonable expenses which the directors properly incur in

connection with their attendance at—

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

## PART 3

### MEMBERS

#### BECOMING AND CEASING TO BE A MEMBER

##### **Applications for membership**

- 21.** No person shall become a member of the company unless—
- (a) that person has completed an application for membership in a form approved by the directors, and
  - (b) the directors have approved the application.

##### **Termination of membership**

- 22.**—(1) A member may withdraw from membership of the company by giving 7 days' notice to the company in writing.
- (2) Membership is not transferable.
  - (3) A person's membership terminates when that person dies or ceases to exist.

#### ORGANISATION OF GENERAL MEETINGS

##### **Attendance and speaking at general meetings**

- 23.**—(1) 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.
- (2) 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.
  - (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
  - (4) 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.
  - (5) 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.

##### **Quorum for general meetings**

- 24.** 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.

## **Chairing general meetings**

**25.—**(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten 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.

(3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

## **Attendance and speaking by directors and non-members**

**26.—**(1) Directors may attend and speak at general meetings, whether or not they are members.

(2) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

## **Adjournment**

**27.—**(1) 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.

(2) 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.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) 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 directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company 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.
- (6) 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.

## **VOTING AT GENERAL MEETINGS**

### **Voting: general**

**28.** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### **Errors and disputes**

**29.—**(1) 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.

(2) Any such objection must be referred to the chairman of the meeting whose decision is final.

### **Poll votes**

**30.—**(1) A poll on a resolution may be demanded—

(a) in advance of the general meeting where it is to be put to the vote, or

(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by—

(a) the chairman of the meeting;

(b) the directors;

(c) two or more persons having the right to vote on the resolution; or

(d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if—

(a) the poll has not yet been taken, and

(b) the chairman of the meeting consents to the withdrawal.

(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

### **Content of proxy notices**

**31.—**(1) 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 directors may determine; and
  - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) 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.
- (4) 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.

### **Delivery of proxy notices**

- 32.—**(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) 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.
- (2) 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.
- (3) 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.
- (4) 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.

### **Amendments to resolutions**

- 33.—**(1) 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.

(2) 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.

(3) 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.

## PART 4

### ADMINISTRATIVE ARRANGEMENTS

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

**34.**—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a director in

connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### **Company seals**

**35.**—(1) Any common seal may only be used by the authority of the directors.

(2) The directors may decide by what means and in what form any common seal is to be used.

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is—

- (a) any director of the company;
- (b) the company secretary (if any); or
- (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

#### **No right to inspect accounts and other records**

**36.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of

the company's accounting or other records or documents merely by virtue of being a member.

#### **Provision for employees on cessation of business**

**37.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

### **DIRECTORS' INDEMNITY AND INSURANCE**

#### **Indemnity**

**38.—**(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director 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 Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(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.

(3) In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

#### **Insurance**

**39.—**(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

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