

213820

No: 213820

THE COMPANIES ACT 1985

and

THE COMPANIES ACT 1989

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

SHBA LIMITED

As amended by Special Resolutions passed on 9 May 2003



1 Interpretation

1.1 In these Articles the words and expressions set out below shall bear the meanings set opposite them respectively if not inconsistent with the subject or context.

1.1.1 **"the Act"** means the Companies Act 1985 and the Companies Act 1989 including any statutory modification or re-enactment thereof for the time being in force;

1.1.2 **"the Auditors"** means any person appointed for the time being to perform the duties of Auditors to the Company;

1.1.3 **"these Articles"** means these Articles of Association in their present form or as from time to time altered which, save as varied hereby or inconsistent herewith are governed by Table C of the Companies (Tables A to F) Regulations 1985 S.I. No 1985/805 as amended by Companies (Tables A to F) Regulations (Amendment) Regulations 1985 S.I. No 1985/1052;

1.1.4 **"the Board"** means the Board of Directors for the time being of the Company;

1.1.5 **"clear days"** means in relation to a period of notice, that 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;

- 1.1.6 **"the Directors"** means the Directors for the time being of the Company;
 - 1.1.7 **"the Office"** means the Registered Office for the time being of the Company;
 - 1.1.8 **"the Seal"** means the Common Seal of the Company, if any;
 - 1.1.9 **"the Secretary"** means any person appointed to perform the duties of Secretary to the Company;
 - 1.1.10 **"in writing"** means written, printed, typewritten, telexed, lithographed or produced by any other mode of reproducing words in legible and non-transitory form or partly by one of such means and partly by another.
- 1.2 Unless the contrary intention appears in these Articles,
- 1.2.1 words importing the singular shall include the plural and vice versa;
 - 1.2.2 words denoting the masculine shall include the feminine;
 - 1.2.3 words denoting persons shall include Corporations.
- 1.3 Subject as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

2 Members

- 2.1 The subscribers to the Memorandum of Association of the Company and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company.
- 2.2 The power of admitting members of the Company shall be exercisable by the Board, who shall have full power and discretion as to the admission or refusal of any person, body, firm or corporation as a member and shall not be bound to assign any reason for refusing to admit any person to membership of the Company.
- 2.3 Subject to Article 2.4, no person, body, firm, partnership, organisation or corporation shall be entitled to become a member of the Company unless:-
 - 2.3.1.1 their names are entered upon the Scottish Register of the National House Building Council and/or with such other insurance body or bodies as the Directors may approve from time to time; or

- 2.3.1.2 they carry on the activity of residential or mixed residential housing development; and
- 2.3.2 they have paid the annual subscription fee applicable to them as referred to in Article 2.5; and
- 2.3.3 they are approved by the Directors.
- 2.4 Notwithstanding the terms of Article 2.3, any other person, body, firm, partnership, organisation or corporation approved by the Directors shall be entitled to become members of the Company.
- 2.5 The annual subscription fee shall be an amount as determined by the Directors, in their sole discretion, from time to time.
- 2.6 Every person, body, firm, partnership, organisation or corporation desiring to become a member must before he can do so sign and deliver to the Secretary at the Office a written application for admission in such form as the Board may from time to time require. Upon receipt of any application for membership, and subject to the approval of the Board and the payment of the annual subscription as referred to in Article 2.5 in respect of the then current year, the Secretary shall enter the name of such person, body, firm, partnership or corporation in the Register of Members of the Company, kept in accordance with Section 352 of the Act, and upon such entry such person, body, firm, partnership or corporation shall become a member.
- 2.7 Every member shall be bound to contribute to the funds of the Company annually an amount being not less than the minimum subscription fee determined by the Board in accordance with Article 2.5. Subscriptions shall become due and payable in advance on the commencement of membership and thereafter on 1 January in each year during the continuation of membership, but the Board shall be entitled in its discretion to make changes in regard to the date on which subscriptions are due and accepted and any other consequential arrangements necessary.
- 2.8 Any member whose subscription is in arrears shall be notified of such by the Secretary. Should his subscription become four months in arrears his name may, at the discretion of the Board, be removed from the Register of Members immediately on the giving of written notice by the Board to that member.
- 2.9 The Board may refuse to accept or to continue to receive the subscription of any member who shall have wilfully acted in contravention of the rules of the Company, as laid down by the Board from time to time, or of the Memorandum or Articles of Association of the

Company or who shall in the opinion of the Board have been guilty of such conduct as shall have rendered him unfit to continue to be a member of the Company and may remove his name from the Register of Members and he shall thereupon cease to be a member of the Company and the Secretary shall notify him in writing to this effect; but he shall notwithstanding his ceasing to be a member remain liable for any subscription or contribution which may be due from him at the time of his ceasing to be a member. He shall not be eligible for re-admission as a member unless otherwise determined by resolution of the Board passed by the members of the Board present at the meeting called to consider his re-admission.

2.10 Any member whose subscription is not in arrear may resign from the Company by giving three months' notice in writing, delivered to the Office of his intention to do so.

2.11 Membership of the Company shall not be transferable.

3 General Meetings

3.1 The Company shall hold a General Meeting in every calendar year as its Annual General Meeting at such time and place as may be determined by the Board and shall specify the meeting as such in the notice calling it, provided that every Annual General Meeting except the first shall be held not more than fifteen months after the holding of the last preceding Annual General Meeting, and that so long as the Company holds its first Annual General Meeting within eighteen months after its incorporation, it need not hold one in the year of its incorporation or in the following year.

3.2 All General Meetings, other than Annual General Meetings, shall be called Extraordinary General Meetings.

3.3 The Board may whenever they think fit convene an Extraordinary General Meeting. An Extraordinary General Meeting shall also be convened by the Board, for a date not later than eight weeks after receipt of such requisition, on such requisition of members of the Company, or in default may be convened by such requisitionists, as provided by Section 368 of the Act.

4 Notice of General Meetings

4.1 An Annual General Meeting and an Extraordinary General Meeting called for the passing of a special resolution or a resolution appointing a person as a member of the Board shall be called by at least twenty one clear days' notice. All other Extraordinary General Meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:-

- 4.1.1 in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and
- 4.1.2 in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety five per cent of the total voting rights at the meeting of all the members.

The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall specify the meeting as such.

The notice shall be given in the manner hereinbefore mentioned to all the members of the Company, whether entitled to vote or not, (provided that no member whose subscription is in arrear shall be entitled to receive notice of any General Meeting), to the members of the Board and, in the case of an Annual General Meeting, and to the Auditors.

- 4.2 The accidental omission to give notice of a meeting to, or the non-receipt of such notice by, any person entitled to receive notice thereof shall not invalidate any resolution passed, or proceeding taken, at any meeting.

5 Proceedings at General Meetings

- 5.1 All business shall be deemed special that is transacted at any Extraordinary General Meeting and also that is transacted at an Annual General Meeting, with the exception of the consideration of the Accounts, Balance Sheet, the Reports of the Board and of the Auditors, the election of directors in place of those retiring, and the appointment of and the fixing of the remuneration of the Auditors.
- 5.2 No business shall be transacted at any General Meeting unless a quorum of members is present when the meeting proceeds to business. Save as herein otherwise provided, five members present in person, or by proxy, or, being corporate members, by their duly appointed representatives and entitled to vote upon the business to be transacted shall be a quorum.
- 5.3 If within half an hour from the time appointed for the holding of a General Meeting a quorum is not present, or if during a General Meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or at such other time and place as the Board may determine, and,

if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum.

- 5.4 The Chairman of the Directors, if any, or, in his absence, some other Director nominated by the Directors, shall preside as Chairman at a General Meeting. If at any meeting neither the Chairman nor such other Director is present within fifteen minutes after the time appointed for holding the same, or if the Chairman or such other Director is unwilling to preside, the Directors present shall choose one of their number, or if there is only one Director present and willing to preside, he shall be Chairman. If no Director is present within fifteen minutes, or, if all Directors present decline the chair, the members present and entitled to vote shall choose some member of the Company who is present to preside as Chairman.
- 5.5 The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than business which might have been transacted at the meeting from which the adjournment took place. Whenever a meeting is adjourned for fourteen days or more, at least seven days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, the members shall not be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting.
- 5.6 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at a General Meeting.
- 5.7 At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or upon the declaration of the result of the show of hands, demanded by the Chairman or by at least two members present in person or by proxy, or, being corporate members, by their duly appointed representative, or by a member or members present in person or by proxy or by its or their duly appointed representative, as appropriate, and representing one tenth of the total voting rights of all members having a right to vote at the meeting and unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against that resolution.

- 5.8 The demand for a poll may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier, but only with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 5.9 A poll demanded in manner aforesaid shall be taken in such manner (including the use of ballot or voting papers or tickets and the appointment of scrutineers (who need not be members)) as the Chairman of the meeting shall direct. The result of the poll which shall be declared at such time and place as the Chairman may direct, shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 5.10 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall be entitled to a second or casting vote.
- 5.11 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman of the Meeting directs, not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 5.12 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken is announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 5.13 A resolution in writing executed by or on behalf of all the members for the time being of the Company entitled to vote shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held and may consist of several documents in the like form each executed by or on behalf of one or more members.

6 Votes of Members

- 6.1 Every member who has paid a subscription of £10,000 or less for the year then current shall, on a show of hands or a poll, have one vote.
- 6.2 Every member who has paid a subscription of over £10,000 for the year then current, shall, on a show of hands or a poll, have one vote for each complete £10,000 of subscription paid to the Company by that member for the year then current.

- 6.3 Every member shall be entitled to attend and speak at General Meetings of the Company.
- 6.4 No member shall be entitled to attend or vote at any General Meeting if his subscription is in arrear.
- 6.5 A proxy need not be a member of the Company.
- 6.6 The instrument appointing a proxy shall be in writing or in any other form which the Board may approve and
- 6.6.1 in the case of an individual, shall be signed by the appointor or his Attorney duly authorised in writing; and
- 6.6.2 in the case of a corporation shall be given under its Common Seal or signed on its behalf by a duly authorised officer of the corporation.
- 6.7 The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified or office copy thereof, shall be deposited at the Office or at such place within the United Kingdom as is specified in the notice convening the meeting, or in any instrument or proxy, sent out by the Company in relation to the meeting, not less than forty eight hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken more than forty eight hours after it is demanded, not less than twenty four hours before the time appointed for the taking of the poll. In the case of a poll not taken forthwith, but taken not more than forty eight hours after it was demanded the instrument and authority shall be delivered to any Director or to the Secretary at the meeting at which the poll was demanded. An instrument of proxy not so deposited or delivered shall not be treated as valid. The instrument shall, unless the contrary intention is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
- 6.8 Any instrument appointing a proxy shall be in the following form or as near thereto as circumstances allow or in any other form which is usual or which the Directors may approve:-

"SHBA Limited

I/We,.....
being a member/members of the above named Company, hereby appoint
.....
of
or failing him
of
to vote for me/us and on my/our behalf at the (Annual or Extraordinary, or Adjourned as
the case may be) General Meeting at the Company to be held on the
day of
and at every adjournment thereof.

Signed this day of "

- 6.9 Where it is desired to afford members an opportunity of instructing the proxy how he shall
act, the instrument appointing a proxy shall be in the following form or as near thereto as
circumstances allow or in any other form which is usual or which the Directors may
approve:

"SHBA Limited

I/We,.....
being a member/members of the above named Company, hereby appoint
.....
of
or failing him
of
to vote for me/us and on my/our behalf at the (Annual or Extraordinary, or Adjourned as
the case may be) General Meeting at the Company to be held on the
day of
and at every adjournment thereof.

Signed this day of "

This form is to be used in respect of the resolutions mentioned below as follows:

Resolution No. 1 *for *against

Resolution No. 2 *for *against

* Strike out whichever is not desired.

Unless otherwise instructed, the proxy may vote as he thinks fit or abstain from voting.

The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

- 6.10 A vote cast or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination was received by the Company at the Office, or at such other place at which the instrument of proxy was duly deposited at least twenty four hours before the commencement of the meeting or adjourned meeting at which the vote is cast or, in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting, the time appointed for the taking of the poll.
- 6.11 Any corporation, firm, partnership, organisation or body which is a member of the Company may by resolution of its directors, partners or other governing body under the hand of one of its officers authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- 6.12 A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, *curator bonis* or other person authorised in that behalf appointed by that court, and any such receiver, *curator bonis* or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the articles for the deposit of instruments of proxy, not less than forty- eight hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
- 6.13 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not

disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

7 Number of Directors

- 7.1 Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate directors) shall be not less than twenty and the Directors shall use reasonable endeavours to ensure that at least two of those Directors are representatives of members entitled, under Article 6.1, to one vote only.

8 Alternate directors

- 8.1 Any Director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the Directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.
- 8.2 An 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, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the company for his services as an alternate director. But it shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom.
- 8.3 An alternate director shall cease to be an alternate director if his appointor ceases to be a Director; but, if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
- 8.4 Any appointment or removal of an alternate director shall be by notice to the company signed by the director making or revoking the appointment or in any other manner approved by the directors.
- 8.5 Save as otherwise provided in the articles, an alternate director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.

9 Powers of directors

- 9.1 Subject to the provisions of the Act, the Memorandum of Association of the Company and these Articles and to any directions given by special resolution, the business of the

company shall be managed by the Directors who may exercise all the powers of the company. No alteration of the said Memorandum or these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

- 9.2 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

10 Appointment and retirement of Directors

- 10.1 At the first annual general meeting all the Directors shall retire from office and 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 shall retire from office but, if there is only one director who is subject to retirement by rotation, he shall retire.
- 10.2 Subject to the provisions of the Act, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment or those who, pursuant to Article 10.1, must retire, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 10.3 A retiring Director shall be eligible for re-election. If he is not reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.
- 10.4 The Company, at the meeting at which a Director retires in the manner aforesaid, may fill the vacated office by electing a person thereto, and in default the retiring Director shall, if eligible and offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost. If it is so resolved, the retiring Director shall vacate office at the conclusion of the meeting; otherwise, if he is not re-elected he shall retain office until the meeting appoints someone in his place.
- 10.5 No person other than a Director retiring at the meeting shall be eligible for election to the office as a Director at any General Meeting, unless he is recommended by the Directors or, not less than fourteen nor more than thirty five clear days before the date appointed

for the meeting, there shall have been left at the Office notice in writing, signed by a member of the Company entitled to vote at the meeting of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

- 10.6 Not less than seven nor more than twenty-eight clear days before the date appointed for holding a General Meeting, notice shall be given to all who are entitled to receive notice of the meeting of any person (other than a Director retiring by rotation at the meeting) who is recommended by the Directors for appointment or reappointment as a Director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or reappointment as a Director. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Company's register of Directors.
- 10.7 The Directors may from time to time appoint any person who is willing to act as a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided that the prescribed maximum number of Directors is not thereby exceeded. Any Director so appointed by the Directors shall, notwithstanding the provisions of Articles 10.1 and 10.2 retain his office only until the next Annual General Meeting, but he shall then be eligible for re-election. He shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.
- 10.8 The Company may by ordinary resolution of which special notices has been given in accordance with Section 379 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director.
- 10.9 The Company may by ordinary resolution appoint another person in place of a Director removed from office under Article 10.8. Without prejudice to the powers of the Directors under Article 10.7, the Company in General Meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director and may also determine the rotation in which any additional Directors are to retire.

11 Disqualification and removal of Directors

11.1 The office of a Director shall be vacated if:-

- 11.1.1 he shall become prohibited by law from acting as a director, or shall cease to be a director by virtue of any provision of the Act; or

- 11.1.2 he shall resign by notice in writing left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or
- 11.1.3 he shall become bankrupt or makes any arrangement or composition with his creditors generally; or
- 11.1.4 he is, or may be, suffering from mental disorder and either:-
 - 11.1.4.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - 11.1.4.2 an order is made in a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person to exercise powers with respect to his property or affairs; or
- 11.1.5 he shall be absent from meetings of the Directors for six consecutive months without permission of the Directors and the Directors shall resolve that his office be vacated; or
- 11.1.6 any member of which he is a director or other officer or employee is removed as a member under Articles 2.8 or 2.9 and the Directors resolve that his office be vacated.

12 Chairman

- 12.1 The Chairman shall be appointed by the Company at its Annual General Meetings. Nominations for the office of Chairman will be made by the Board to the Company before the relevant Annual General Meeting at which the Chairman will be appointed, in accordance with the procedure for Board nominations of persons for the office of Director as set out in Articles 10.5 and 10.6. The Chairman shall hold office for one year after which term he shall retire at the relevant Annual General Meeting unless he vacates office or dies or is removed in accordance with Article 10.8 prior to that term in which case the directors shall have the power to appoint any person who is willing to act as Chairman to fill the vacancy until the next Annual General Meeting at which they shall retire. A Chairman retiring at an Annual General Meeting shall be eligible for re-election in accordance with the provisions of Articles 10.3 and 10.4.

- 12.2 The Chairman will be Chairman of the Company and of the Board and an *ex officio* member of any Committees established by the Board pursuant to Article 16.7. Unless unwilling to do so, he shall preside at every meeting of the members of the Board or of any Committees at which he is present.

13 Executive Directors

- 13.1 Without prejudice to the generality of the powers conferred on the Board by Article 12.1 the Board shall from time to time appoint one or more of their body as Executive Director(s) and, if there be more than one such Executive Director, shall appoint one of the Executive Directors as Chief Executive.
- 13.2 The Directors may entrust to and confer upon any Executive Director any of the powers exercisable by them as Directors in regard to the ordinary and general management of the affairs of the Company at such remuneration and upon such terms and conditions and with such restrictions as they think fit, either collaterally with or to the exclusion of their own powers, and may from time to time alter, expand, vary, or revoke any of such powers.
- 13.3 The Chief Executive's duties shall be prescribed by the Board, to whom he shall be accountable, and shall include acting as Chairman of meetings of the Executive Directors, proceedings at which shall be regulated by the Executive Directors, and reporting to the Board on such meetings and on activities of the Company entrusted to him or the Executive Directors. The Chief Executive shall hold office, retire and be eligible for re-election in accordance with the provisions of Articles 10.1 to 10.4 inclusive.

14 Remuneration and expenses of Directors

- 14.1 The Directors shall be entitled to such remuneration as the Company may determine by ordinary resolution and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.
- 14.2 The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors or committees of the Directors or general meetings of the Company or otherwise in connection with the discharge of their duties.

15 Directors appointments and interests

- 15.1 Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of any material interest, a Director notwithstanding his office:-

- 15.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- 15.1.2 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- 15.1.3 shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

15.2 For the purpose of Article 15.1:-

- 15.2.1 a general notice given to the Board that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
- 15.2.2 an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

16 Powers and proceedings of Directors

- 16.1 The business of the Company shall be managed by the Directors who may pay all such expenses of, and preliminary to, the promotion, formation, establishment and registration of the Company as they shall think fit, and may exercise all such powers of the Company, and do on behalf of the Company all such acts as may be exercised and done by the Company and as are not by statute or by these presents required to be exercised or done by the Company in General Meeting, subject nevertheless to any provision of these Articles, to the provisions of the statutes for the time being in force and affecting the Company, and to such regulations, being not inconsistent with the aforesaid provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

- 16.2 Subject to the provisions of these Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote. A Director who is also an alternate director shall be entitled, in the absence of his appointor, to a separate vote on behalf of his appointor in addition to his own vote.
- 16.3 The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be three.
- 16.4 The continuing Directors may act notwithstanding any vacancies in their number, provided always that in case their numbers shall at any time be or be reduced to less than the minimum number prescribed by or in accordance with these Articles, it shall be lawful for them to act as Directors for the purpose of filling up vacancies in their body or of summoning a General Meeting, but not for any other purpose.
- 16.5 At any time any Director may, and the Secretary at the request of a Directors shall, summon a meeting of the Board. A Director who is absent from the United Kingdom shall only be entitled to notice of a meeting at his address in the United Kingdom.
- 16.6 A properly convened meeting of the Directors at which a quorum is present shall be competent to exercise all the authorities, powers and discretions by or under the regulations of the Company for the time being vested in the Directors generally.
- 16.7 The Board of Directors may appoint from amongst its members or members of the Company, such Committees, whether standing or ad hoc, as the Board deem expedient and may remit to such Committees and recall from such Committees any matters which the Board consider appropriate. Such Committees shall, in the exercise of the powers so delegated, conform to any regulations imposed on them by the Board. The meetings and proceedings of any such Committee shall be governed by the provisions of those Articles for regulating the meetings and proceedings of the Board so far as applicable and so far as the same shall from time to time not be superseded by any regulations made by the Board.
- 16.8 All acts *bona fide* done by any meeting of the Directors or of any committee of the Directors, or by any person acting as a Director, shall, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any such director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a Director.

- 16.9 A meeting of the Directors, or of a committee of the Directors, may consist of a conference between Directors who are not all in one place but of whom each is able to speak to each of the others and to be heard by each of the others simultaneously. A Director taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating in the conference is assembled, or, if there is no such group, where the Chairman of the meeting then is. The word "meeting" when referring to a meeting of the Directors, or of a committee of the Directors, in these Articles, shall be construed accordingly.
- 16.10 The Directors shall cause proper minutes to be made of all appointments of officers made by the Directors and of the proceedings of all meetings of the Company and of the Directors and of committees of the Directors, all business transacted at such meetings and the Directors present at such meetings, and any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be sufficient evidence without further proof of the facts therein stated.
- 16.11 A resolution in writing signed by all the Directors for the time being or of any committee of the Directors who are entitled to receive notice of a meeting of the Directors or of such committee shall be as valid and effectual as if it had been passed at a meeting of the Directors or of such committee duly convened and constituted.
- 16.12 A Director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with or any matter concerning the Company shall declare the nature of his interest at a meeting of the Directors in accordance with the Act and, save as herein provided, a Director shall not vote in respect of any such contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- 16.13 Subject to the provisions of the Act or otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case concerns any of the following matters, namely:-

- 16.13.1 the giving of any guarantee, security or indemnity to him in respect of money lent to or obligations incurred by him at the request of or for the benefit of the Company;
- 16.13.2 the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- 16.13.3 any proposal concerning an offer of debentures or other securities of or by the Company for subscription or purchase or exchange in which offer he is or is to be interested by virtue of his subscribing or agreeing to subscribe for such debentures or other securities or by virtue of his being or intending to become a participant in the underwriting or sub-underwriting thereof.

For the purposes of this Article an interest of a person who is for any purpose of the Act (as in force on the date of the adoption of these Articles) connected with a Director shall be treated as an interest of that Director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interests which the alternate director has otherwise.

- 16.14 The Company may by ordinary resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of these Articles prohibiting a Director from voting at meetings.
- 16.15 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any body corporate in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- 16.16 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Association, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 16.17 If a question arises at a meeting of Directors or of a committee of Directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

17 Borrowing powers

- 17.1 Without prejudice to their general powers, the Directors may exercise all the powers of the Company to borrow money and to mortgage and charge its undertaking and property or any part thereof and subject to Section 80 of the Act to issue debentures and other securities whether outright or as collateral security for any debt, liability or other obligation of the Company or of any third party.

18 Pensions

- 18.1 The Board may establish and maintain, contribute to or procure the establishment and maintenance of, any pension or superannuation funds (whether contributory or otherwise) and give or procure the giving of donations, gratuities, pensions, allowances and emoluments to, any persons who are or were at any time in the employment or service of the Company and the wives, widows, families and dependants of any such persons and make payments for or towards the insurance of any such persons as aforesaid.

19 Secretary

- 19.1 Subject to the provisions of the Act, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they think fit, and any secretary so appointed may be removed by them. The provisions of Sections 283 and 284 of the Act shall apply and be observed.

20 The Seal

- 20.1 The Board shall provide for the safe custody of the Seal, which shall only be used by the authority of the Board or of a Committee of the Directors duly authorised by the Board in that behalf and every instrument to which the Seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by another Director or by some other person appointed by the Board for the purpose.

21 Accounts

- 21.1 The Board shall cause accounting records to be kept in accordance with the provisions of the Act. The accounting records shall be kept at the Office or subject to Section 222(1) and (2) of the Act at such other place or places as the Directors shall think fit, and shall always be open to the inspection of the Directors.
- 21.2 The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of

the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right or inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Board or by the Company in General Meeting.

- 21.3 The Board shall from time to time in accordance with Sections 227, 235, 239, 241 and 242 of the Act cause to be prepared and to be laid before the Company in General Meeting such accounts, balance sheets and reports as are required by the Act. The Auditor's Report shall be open to inspection and be read before the meeting as required by the Act. A copy of every Balance Sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting together with a copy of the Auditor's Report and the Report of the Board, shall not less than twenty one days before the date of the Meeting be sent to every member of the Company, who is entitled to receive notices of General Meetings of the Company. Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware.

22 Audit

- 22.1 True accounts shall be kept of the sums of money received and expended by the Company, the matters in respect of which such receipts and expenditure take place, and of the property, assets and liabilities of the Company; and, subject to any reasonable restrictions as to the time and manner of inspecting them that may be imposed in accordance with regulations of the Company for the time being in force, such accounts shall be open to the inspection of the members.
- 22.2 Auditors shall be appointed and their duties regulated in accordance with the provisions of the Act.

23 Notices

- 23.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing. Any member described in the Register of Members by an address not within the United Kingdom, who shall from time to time give the Company an address within the United Kingdom at which notices may be served upon him shall be entitled to have notices served upon him at such address, but, save as aforesaid and as provided by the Act, only those members who are described in the Register of Members by an address within the United Kingdom shall be entitled to receive notices from the Company. A notice may be served by the Company upon any member, either personally or by sending it through the post in a prepaid letter, addressed to such member at his registered address as

appearing in the Register of Members or by leaving it at that address. A notice may be served by any member upon the Company either by leaving it at the Office or by sending it through the post in a prepaid letter addressed to the Company at the Office.

- 23.2 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. Any notice, if served by the post, shall be deemed to have been served on the expiry of forty eight hours after the envelope containing the same is put into the post.

24 Indemnity

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.