

**ARTICLES OF ASSOCIATION
of
QUERCUS 7 LIMITED**

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ARTICLES FOR QUERCUS 7 LIMITED
A PRIVATE COMPANY LIMITED BY SHARES

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Part 1

Interpretation and limitation of liability

1. Defined terms

1.1 In these Articles, unless the context requires otherwise the following terms shall have the following meanings:

Act		means the Companies Act 2006;
Articles		means the Company's Articles of association;
Sevenoaks Council	District Council	means Sevenoaks District Council of Council Offices, Argyle Road, Sevenoaks, Kent TN13 1HG;
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 3;
chairman of the meeting		has the meaning given in Article 42;
Companies Acts		means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Company;
Council		Sevenoaks District Council and any successor body which takes over the majority of the functions of Sevenoaks District Council;
Council Director		means a current employee of the Council;
Director		means a Director of the Company, and includes any person occupying the position of Director whether they are a Council Director or an External Director, by whatever name called;
document		includes, unless otherwise specified, any document sent or supplied in electronic form;
electronic form		has the meaning given in section 1168 of the Act;
External Director		means a director who is a representative of the private and/or community sectors;
fully paid		in relation to a share, means that the nominal

	value and any premium to be paid to the Company in respect of that share have been paid to the Company;
Group Organisation	means in relation to the Shareholder any holding Company or subsidiary of the Shareholder (with holding Company and subsidiary having the meanings given in section 1159 of the Act) or any organisation of which that Shareholder is a subsidiary;
hard copy form instrument	has the meaning given in section 1168 of the Act;
ordinary resolution	means a document in hard copy form;
paid	has the meaning given in section 282 of the Act;
participate	means paid or credited as paid;
proxy notice	in relation to a Directors' meeting, has the meaning given in Article 11;
Representative	has the meaning given in Article 48;
Shareholder	means in relation to the Shareholder any person who is for the time being the person authorised by that Shareholder pursuant to Article 43.2 to be its authorised representative;
shares	means the Council or such Group Organisation to which the Council has transferred its shares in accordance with Article 25.2;
special resolution	means shares in the Company;
subsidiary	has the meaning given in section 283 of the Act;
writing	has the meaning given in section 1159 of the Act;
	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.

1.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Act as in force on the date when these Articles become binding on the Company.

2. Liability of Shareholder

The liability of the Shareholder is limited to the amount, if any, unpaid on the shares held by them.

Part 2
Directors

Directors' Powers and Responsibilities

3. Directors' general authority

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.

4. Shareholder's reserve power

- 4.1 The Shareholder may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 4.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

5. 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.
- 5.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 5.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.
- 5.4 Subject to any terms and conditions under Article 5.1(e), the proceedings of a committee with two or more members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.

6. 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.
- 6.2 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

7. Directors to take decisions collectively

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.

8. 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.
- 8.2 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.
- 8.3 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.
- 8.4 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.

9. Validity of Directors' decisions

- 9.1 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall be as valid notwithstanding the participation in any vote of a director:
- (a) discovered afterwards that there was a defect in the appointment of any Director; or

- (b) that any of them were disqualified from holding office; or
- (c) had vacated office; or
- (d) were not entitled to vote on the matter, whether by reason of a conflict of interests or otherwise;

If without:

- (e) the vote of that Director; and
- (f) that Director being counted in the quorum;

the decision has been made by a majority of the Directors at a quorate meeting.

- 9.2 Article 9.1 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 9.1, the resolution would have been void, or if the Director has not complied with Article 15.
- 9.3 A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors, shall be as valid and effective as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held. Such a resolution may consist of several documents in like form, each signed by one or more of the Directors.

10. Calling a Directors' meeting

- 10.1 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.
- 10.2 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.
- 10.3 Notice of a Directors' meeting must be given to each Director, but need not be in writing.

10.4 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.

11. Participation in Directors' meetings

11.1 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.

11.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

11.3 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.

12. Quorum for Directors' meetings

12.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

12.2 The quorum for Directors' meetings shall be three Directors.

12.3 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 to request that the Shareholder appoints further Directors.

13. Chairing of Directors' meetings

13.1 The Directors may appoint a Director to chair their meetings.

13.2 The person so appointed for the time being is known as the chairman.

13.3 The Directors may terminate the chairman's appointment at any time.

13.4 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.

14. Casting vote

14.1 If the numbers of votes for and against a proposal are equal, the chairman or other Director chairing the meeting has a casting vote.

14.2 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.

15. Declaration of Director's interests

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 Company or in any transaction or arrangement entered into by the Company which has not previously been declared. Save where Article 16.3 applies, a Director must absent themselves 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 Company and any personal interest (including but not limited to any personal financial interest).

16. Conflicts of interest

16.1 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.

16.2 But if Article 16.3 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.

16.3 This Article 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.

16.4 For the purposes of Article 16.3, the following are permitted causes:

- (a) the transaction or arrangement is to be made by the Company with the Council, or with any Group Organisation of the Council and the Director's interest arises because they are employed by or are an elected member of the Council;
- (b) 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 shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or 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.

16.5 For the purposes of this Article 16, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.

16.6 Subject to Article 16.7 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.

16.7 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.

17. Authorisation of directors' conflicts of interest

17.1 For the purposes of section 175 of the Act, as amended, consolidated or re-enacted from time to time, the Shareholder shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach by a Director of the duty to avoid conflicts of interest set out in that section of the Act. Any reference in these Articles to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

17.2 A Director, notwithstanding their office, may be a director or other officer of, employed by or an elected member of the Council, or any Group Organisation of the Council, and no authorisation under Article 17.1 shall be necessary in respect of any such interest.

17.3 Any Director shall be entitled from time to time to disclose to the Council or to the Shareholder such information concerning the business and affairs of the Company as they shall at their discretion see fit.

17.4 If a Director receives or has received any information otherwise than by virtue of their position as a director of the Company and in respect of which they owe a duty of confidentiality to another person, the director is under no obligation to:

- (a) disclose any such information to the Company, the directors or any other director or employee of the Company; or
- (b) use or apply any such information in connection with the performance of their duties as a director;

provided that to the extent that such duty of confidentiality arises out of a situation or relationship which would or might otherwise constitute or give rise to a breach by the Director of the duty to avoid conflicts of interest set out in section 175 of the Act, this Article shall apply only if such situation or relationship has been authorised by the Shareholder, or by these Articles.

18. Records of decisions to be kept

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. Such record may be kept in electronic form.

19. Directors' discretion to make further rules

19.1 Subject to the Articles, the Directors may make such rules as they may deem necessary, expedient or convenient for the proper conduct and management of the Company.

19.2 The Company in general meeting shall have power to alter, add to or repeal any rules created by the Directors under Article 19.1.

Appointment and retirement of Directors

20. Number of Directors

20.1 The number of Directors shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

20.2 The number of External Directors shall not be more than two but the Shareholder may choose to increase the number of External Directors.

21. Methods of appointing and removing Directors

21.1 The Shareholder shall appoint the Directors by serving notice in writing to the Company. Such notice shall state such particulars of the Director as are required to be included in the Company's register of Directors.

21.2 The Shareholder shall be entitled by notice in writing to remove any Director or Directors and to appoint any other person to be a Director in place of a Director who leaves office by whatever means.

21.3 An External Director shall be appointed for a term of three years and at the end of the three year term the External Director shall be deemed to have retired as a Director unless the Shareholder reappoints that External Director for a further three year term.

21.4 The Shareholder shall not reappoint an External Director if they have already served 9 years as a Director.

21.5 A notice of appointment or removal of a Director pursuant to this Article shall take effect upon delivery to a meeting of the Directors or on delivery to the secretary.

21.6 Every Director appointed pursuant to this Article shall hold office until they are either removed in a manner provided by this Article or dies or vacates office pursuant to Article 22 and neither the Company in general meeting nor the Directors shall have power to fill any such vacancy except as expressly provided for in this Article.

21.7 Any Director shall be at liberty from time to time to make such disclosure to the Shareholder or to any Group Organisation as to the business and affairs of the Company and its subsidiaries as they shall in their absolute discretion determine.

21.8 No Director shall be appointed otherwise than as provided in these Articles.

22. Termination of Director's appointment

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

- (a) that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (e) 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;
- (g) the Company receives a notice in respect of that person in accordance with Article 21.2;

- (h) that person is absent without the permission of the Directors from all their meetings held within a period of six months and the Directors resolve and the Shareholder agrees that his/her office be vacated;
- (i) that person ceases to be an elected member or employed by the Shareholder, having been an elected member or employed by the Shareholder when appointed; or
- (j) the third anniversary of their appointment if they are an External Director and they have not been reappointed under Article 21.3.

22.2 No director shall be removed other than as provided for in these Articles.

22.3 Any removal of a Director shall be deemed to be an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of services between such Director and the Company.

23. Directors' remuneration

23.1 Directors may undertake any services for the Company that the Directors decide.

23.2 Directors are entitled to such remuneration as may be approved by the Shareholder:

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

23.3 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.

23.4 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

23.5 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.

24. Directors' expenses

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 any class of shares or 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
Shares and distributions

Shares

25. Shareholder

25.1 There shall be one shareholder. The only body permitted to be registered as a shareholder is Sevenoaks District Council or any person to whom the Shareholder may have transferred its membership to in accordance with Article 25.2.

25.2 The Shareholder may subject to the transferee signing a form consenting to become the Shareholder and agreeing to be bound by the Memorandum and Articles of Association of the Company transfer its membership to a Group Organisation of the Shareholder by notice in writing to the Company signed by or on behalf of the transferee and by or on behalf of the transferor. Upon receipt of such notice and consent form the Group Organisation transferee shall be admitted as the Shareholder and the transferor shall cease to be a shareholder.

26. All shares to be fully paid up

26.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

26.2 This does not apply to shares taken on the formation of the Company by the subscriber to the Company's memorandum.

27. Powers to issue different classes of share

27.1 Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

27.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

28. Company not bound by less than absolute interests

Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

29. Share certificates

29.1 The Company must issue the Shareholder, free of charge, with one or more certificates in respect of the shares which the Shareholder holds.

29.2 Every certificate must specify:

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

29.3 No certificate may be issued in respect of shares of more than one class.

29.4 Certificates must:

- (a) have affixed to them the Company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

30. Replacement share certificates

30.1 If a certificate issued in respect of the Shareholder's shares is:

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

30.2 The Shareholder exercising the right to be issued with such a replacement certificate:

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

Dividends and other distributions

31. Procedure for declaring dividends

- 31.1 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 31.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 31.3 No dividend may be declared or paid unless it is in accordance with the Shareholder's rights.
- 31.4 Unless the Shareholder's resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to the Shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 31.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 31.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 31.7 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

32. Payment of dividends and other distributions

Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

- (a) transfer to a bank or building society account specified by the Shareholder either in writing or as the Directors may otherwise decide;

- (b) any other means of payment as the Directors agree with the Shareholder either in writing or by such other means as the Directors decide.

33. No interest on distributions

The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the Company.

34. Unclaimed distributions

34.1 All dividends or other sums which are:

- (a) payable in respect of shares, and
- (b) unclaimed after having been declared or become payable, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

34.3 If:

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the Shareholder has not claimed it,
- the Shareholder is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

35. Non-cash distributions

35.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).

35.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

36. Waiver of distributions

The Shareholder may waive its entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect.

Capitalisation of Profits

37. Authority to capitalise and appropriation of capitalised sums

37.1 Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution:

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

37.2 Capitalised sums must be applied:

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

37.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

37.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

37.5 Subject to the Articles the Directors may:

- (a) apply capitalised sums in accordance with Articles 37.3 and 37.4 partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and
- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article.

Part 4

Decision-making by shareholders

Annual General Meeting

38. The Company shall hold an annual general meeting.

Organisation of General Meetings

39. Attendance and speaking at general meetings

39.1 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.

39.2 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.

39.3 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.

39.4 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.

40. Quorum for general meetings

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present. The presence of the Representative shall constitute a quorum.

41. Chairing general meetings

41.1 If the Directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

41.2 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 the Representative to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

41.3 The person chairing a meeting in accordance with this Article is referred to as “the chairman of the meeting”.

42. Attendance and speaking by Directors and non-shareholders

42.1 Directors may attend and speak at general meetings, whether or not they are the Representative.

42.2 The chairman of the meeting may permit other persons who are not:

(a) the Representative, or

(b) otherwise entitled to exercise the rights of a shareholder in relation to general meetings,

to attend and speak at a general meeting.

43. Adjournment

43.1 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.

43.2 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.

- 43.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 43.4 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.
- 43.5 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.
- 43.6 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

44. Vote of Shareholder

- 44.1 The Shareholder shall have one vote on a show of hands.
- 44.2 The Shareholder may by resolution of its Cabinet (or a duly formed committee of the Cabinet) authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the Shareholder which he represents as the Shareholder could exercise if it were an individual shareholder.
- 44.3 A vote given by a Representative shall be valid notwithstanding the previous determination of the authority of the person voting unless notice of the

determination was received by the Company before the commencement of the meeting or adjourned meeting at which the vote is given.

45. Errors and disputes

45.1 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.

45.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

46. Content of proxy notices

46.1 Proxies may only validly be appointed by a notice in writing (a “proxy notice”)

Which:

- (a) states the name and address of the Representative appointing the proxy;
- (b) identifies the person appointed to be the Representative’s proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the Representative appointing the proxy, or the Shareholder 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.

46.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

46.3 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.

46.4 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.

47. Delivery of proxy notices

- 47.1 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.
- 47.2 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.
- 47.3 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.
- 47.4 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 appointer's behalf.

48. Amendments to resolutions

- 48.1 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.
- 48.2 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.

48.3 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 5
Administrative arrangements

49. Means of communication to be used

- 49.1 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 Act 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.
- 49.2 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.
- 49.3 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.

50. Company seals

- 50.1 The Company need not have a common seal and pursuant to section 44 of the Act the Company may execute any document by the signature of any two authorised persons.
- 50.2 If the Company has a common seal it may only be used by the authority of the Directors.
- 50.3 The Directors may decide by what means and in what form any common seal is to be used.
- 50.4 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.
- 50.5 For the purposes of this Article, an authorised person is:
- (a) any Director of the Company; and
 - (b) the Company secretary (if any).

51. Provision for employees on cessation of business

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.

52. Access to Information

- 52.1 Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person having an interest in the Company is entitled to inspect any of the Company's accounting or other records or documents.
- 52.2 The Company shall provide and instruct its auditors to provide to the Shareholder such information as it may reasonably require for the purpose of preparing and auditing the Shareholder's accounts or for investigating value for money or any other reasonable purpose.
- 52.3 The Company shall provide any member or officer of the Shareholder with such information about the activities of the Company which it may reasonably need for the discharge of its functions.

53. Secretary

Subject to the provisions of the Act the secretary, if required, shall be appointed by the Directors for such term, at such remuneration (if not a director) and upon such conditions as the Directors shall think fit and any secretary so appointed may be removed by them.

54. Local Government

- 54.1 The Company shall observe all legal requirements imposed on it by virtue of the Shareholder being a Local Authority. In particular (but without limitation) the Company shall:
- (a) not engage in activities for party political purposes or publish party political materials;
 - (b) comply with the Shareholder's procedure rules in relation to the tendering and letting of contracts.

54.2 The Company shall observed all legal requirements imposed on it by virtue of it being a controlled company as defined by section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other statute or regulations made from time to time.

55. Amendment of Articles

The Company shall not without a special resolution:

- (a) amend the memorandum or articles of association of the Company;
- (b) alter any rights or restrictions attaching to any class of share in the capital of the Company;
- (c) change the name of the Company;
- (d) pass any resolution or engage in any other matter which represents a substantial change in the nature of the business of the Company or in the manner in which such business is conducted;
- (e) issue any additional shares.

Directors' Indemnity and Insurance

56. Indemnity

56.1 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 Act);
- (c) any other liability incurred by that Director as an officer of the Company or an associated Company.

56.2 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.

56.3 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.

57. Insurance

57.1 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.

57.2 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.