

THE COMPANIES ACTS 2006  
PRIVATE COMPANY LIMITED BY SHARES

Company Number 02004963  
Incorporated 27 March 1986

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ARTICLES OF ASSOCIATION OF  
READING TRANSPORT LIMITED

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| (As amended by special resolution passed on 18 February 2013)



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The Companies Acts 2006

Company Limited by Shares

**ARTICLES OF ASSOCIATION OF**

**READING TRANSPORT LIMITED**

**PART 1**

**INTERPRETATION AND LIMITATION OF LIABILITY**

**1. Model Articles**

The provisions contained in the Companies (Model Articles) Regulations shall not apply to the Company except so far as they are repeated or contained in these Articles.

**2. Defined terms**

2.1. In these Articles, unless the context requires otherwise –

2.1.1. **“Act”** means the Companies Act 2006;

2.1.1.2.1.2. **“Articles”** means the Company’s articles of association;

2.1.2.2.1.3. **“asset decision”** means any decision described in article 10.3;

2.1.3.2.1.4. **“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;

2.1.5. **“Business Day”** means a day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business;

2.1.4.2.1.6. **“call”** has the meaning given in article 3437.1;

2.1.5.2.1.7. **“call notice”** has the meaning given in article 3437.1;

2.1.6.2.1.8. **“Chair”** has the meaning given in article 2021;

2.1.7.2.1.9. **“Chair of the meeting”** has the meaning given in article 6361;

**2.1.10. “Committee Member”** means any non-executive director who is a member of the Remuneration Committee;

**2.1.8.2.1.11. “Companies Acts”** means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company;

**2.1.9.2.1.12. “Company’s lien”** has the meaning given in article 3235.1;

**2.1.10.2.1.13. “controlling authority”** has the meaning in section 72 of the Transport Act 1985;

**2.1.11.2.1.14. “Council”** means Reading Borough Council including any successor or replacement thereof;

**2.1.12.2.1.15. “director”** means a director of the Company, and includes any person occupying the position of director, by whatever name called;

**2.1.13.2.1.16. “distribution recipient”** has the meaning given in article 5352;

**2.1.14.2.1.17. “document”** includes, unless otherwise specified, any document sent or supplied in electronic form;

**2.1.18. “electronic form”** has the meaning given in section 1168 of the Companies Act 2006;

**2.1.15.2.1.19. “Employee Representative”** means an employee elected for the purposes of attending meetings on behalf of the employees;

**2.1.16.2.1.20. “employee decision”** means any decision described in article 10.1;

**2.1.17.2.1.21. “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;

**2.1.18.2.1.22. “hard copy form”** has the meaning given in section 1168 of the Companies Act 2006;

**2.1.19.2.1.23. “holder”** in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

**2.1.20.2.1.24. “instrument”** means a document in hard copy form;

2.1.21.2.1.25. “**lien enforcement notice**” has the meaning given in article 3336.2;

2.1.22.2.1.26. “**Local Transport Act**” means the Local Transport Act 2008 and includes any statutory modification or re-enactment from time to time in force;

2.1.23.2.1.27. “**ordinary resolution**” has the meaning given in section 282 of the Companies Act 2006;

2.1.24.2.1.28. “**paid**” means paid or credited as paid;

2.1.25.2.1.29. “**participate**”, in relation to a directors’ meeting, has the meaning given in article 18—19;

2.1.30. “**proxy notice**” has the meaning given in article 69—67;

2.1.31. “**Remuneration Committee**” means the committee comprised only of non-executive directors which shall convene from time to time in relation to certain employee-related decisions;

2.1.32. “**Remuneration Committee Meeting**” means a meeting convened by the Remuneration Committee;

2.1.26.2.1.33. “**Reserved Matters**” means the matters requiring the consent of the Council, as agreed by the parties from time to time;

2.1.27.2.1.34. “**shareholder**” means a person who is the holder of a share;

2.1.28.2.1.35. “**shares**” means shares in the Company;

2.1.36. “**special resolution**” has the meaning given in section 283 of the Companies Act 2006;

2.1.29.2.1.37. “**Statutory Officers**” mean the Chief Executive, Section 151 Officer (Director of Finance) and Monitoring Officer (Assistant Director of Legal & Democratic Services);

2.1.30.2.1.38. “**subsidiary**” has the meaning given in section 1159 of the Companies Act 2006;

2.1.31.2.1.39. “**transmittee**” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law;

2.1.32.2.1.40. “Transport Act” means the Transport Act 1985 and any statutory modification or re-enactment from time to time in force; and

2.1.33.2.1.41. “writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

2.2. 2.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company.

2.3. Unless the context otherwise requires, references to “officers” or “employees” are those of the Company.

2.4. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

2.5. Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.

2.6. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

2.7. A reference in these Articles to an “article” is a reference to the relevant article of these Articles unless expressly provided otherwise.

2.8. Unless expressly provided otherwise, a reference to legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time.

2.9. A reference to legislation or a legislative provision shall include all subordinate legislation made from time to time under that legislation or legislative provision.

2.10. Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

2.11. Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2.12. Unless expressly provided, a reference to writing or written excludes fax but not email.

**3. Name**

The Company's name is "Reading Transport Limited".

**4. Registered Office**

The Company's registered office is situated in England and Wales.

**5. Objects**

The object of the Company is to carry on business as a general commercial company.

**6. Public transport company**

The Company is a public transport company within the meaning of section 72 of the Transport Act. Its affairs shall be conducted at all times in accordance with such provisions of the Transport Act and the Local Transport Act as apply from time to time, and in such manner as will ensure that the duties and obligations under the Transport Act and the Local Transport Act, in so far as they relate to the Company and its affairs, are duly discharged.

**7. Liability of members**

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

**PART 2**

**DIRECTORS**

**DIRECTORS' POWERS AND RESPONSIBILITIES**

**8. Directors' general authority**

Subject to these 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.

**9. Shareholders' reserve power**

9.1. The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

9.2. No such special resolution invalidates anything which the directors have done before the passing of the resolution.

## **10. Decisions requiring Council approval**

10.1. Subject to ~~article~~articles 10.2 ~~and 11~~ below, any decision relating to:

10.1.1. establishment levels and removal of ~~employees~~executive directors of the Company; and/ or

10.1.2. conditions and terms of service of ~~employees~~executive directors of the Company including, without limiting the generality thereof, pay and salary levels;~~; and/~~

shall be made by the ~~directors~~Remuneration Committee, ~~subject to the notification of the Council~~.

10.2. Where, at any time when the Council is a member of the Company, any ~~employee~~ decision ~~would affect any employee who is also in relation to the terms and conditions of a non-executive~~ director of the Company ~~it~~ shall be of no effect in relation to any such person until it is also approved in writing by or on behalf of the Council. Such approval may be ~~given either before or after the decision is taken and may be~~ either to a particular decision or a particular category of decision.

~~10.3. Subject to articles 10.4 and 10.5 below, any decision relating to the acquisition or disposal by the Company of any of its assets (including land, buses and other vehicles) shall be made by the directors.~~

~~10.3. Where, at any time when the Council is a member of the Company, any asset decision relates to the proposed acquisition or disposal by the Company of either a freehold or leasehold interest in land and/or buildings, then it shall be of no effect until the Company provides the certain Reserved Matters will be allocated to the Council with a report on the proposed acquisition or disposal and it is also approved in writing by or on behalf of the Council. Such for approval.~~

## **11. Remuneration Committee**

11.1. The Remuneration Committee shall convene from time to time, in person or by means of electronic facility, as determined by the Committee Members.

10.4.11.2. A Remuneration Committee Meeting may be either to a particular decision or a particular category of decision called by a Committee Member by giving at least 5 days' notice, by any means.

10.5. Where, at any time when the Council is a member of the Company, any asset decision relates to the proposed acquisition by the Company of buses with an aggregate contract value in excess of £1,000,000 (excluding VAT), then it shall be of no effect until it is also approved in writing by or on behalf of the Council. Such approval may be either to a particular decision or a particular category of decision. For the avoidance of doubt, such approval shall not be required if it is materially in accordance with the Company's annual fleet replacement plan, to the extent that such plan has already been approved in writing by or on behalf of the Council.

11.3. The Remuneration Committee may make whatever arrangements it considers fit to allow the Committee Members to attend and participate in a Remuneration Committee Meeting.

11.4. Any Remuneration Committee Meeting shall be chaired by a non-executive director, who shall preside over the meeting. If there is no such chair or if the chair shall not be present at the time appointed for holding the Remuneration Committee Meeting or shall be unwilling to act as chair, the Committee Members present may adjourn the Remuneration Committee Meeting.

11.5. Any Employee Representative from time to time is excluded from the Remuneration Committee.

11.6. The Remuneration Committee is bound to act within terms of reference that may be set down by the Company from time to time.

## **11.12. Transport Acts**

11.1.12.1. So long as the Council is a member of the Company the directors shall ensure that the Company—

11.1.1.12.1.1. does not engage in activities which the Council has no power to engage or permit any body corporate which is a subsidiary of the Company to engage in any such activities, provided that this article 11.1 does not apply in relation to activities which were formerly within the powers of the Council but have ceased to be so by virtue of section 66(1) of the Transport Act;

11.1.2.12.1.2. does not—

11.1.2.1.12.1.2.1. borrow money from any person other than the Council; or

11.1.2.2.12.1.2.2. permit any body corporate which is a subsidiary of the Company to borrow money from any person other than the Company, any other subsidiary of the Company or the Council;

with the exception in each case of borrowing by way of temporary loan or overdraft; and

11.1.3.12.1.3. does not—

11.1.3.1.12.1.3.1. raise money by the issue of shares or stock to any person other than the Council; or

11.1.3.2.12.1.3.2. permit any body corporate which is a subsidiary of the Company to raise money by the issue of shares or stock to any person other than the Company.

11.2. 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.

## 12.13. Annual/interim review

12.1.13.1. So long as the Council is a member of the Company, the directors shall, not later than three months (or such longer period as the Council may permit) after the end of each accounting reference period of the Company, submit to the Council an annual review consisting of:

12.1.1.13.1.1. a review of the performance of the Company during that period;

12.1.2.13.1.2. the Company's current operations and the viability of those operations; and

13.1.3. the Company's programme of social values;

13.1.4. the Company's dividend policy;

13.1.5. the Company's risk management strategy; and

12.1.3.13.1.6. the Company's plans for the future.

12.2.13.2. So long as the Council is a member of the Company, the directors shall, not later than ~~ninesix~~ months (or such longer period as the Council may permit) after the end of each accounting reference period, submit to the Council an interim review updating the preceding annual review.

#### **13.14. Directors may delegate**

13.1.14.1. Subject to these Articles, and particularly to the provisions of article ~~1213~~ above, the directors may delegate any of the powers which are conferred on them under these Articles—

13.1.1.14.1.1. to such person or committee;

13.1.2.14.1.2. by such means ~~(including by power of attorney);~~

13.1.3.14.1.3. to such an extent;

13.1.4.14.1.4. in relation to such matters or territories; and

13.1.5.14.1.5. on such terms and conditions;

as they think fit.

13.2.14.2. If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

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

#### **14.15. Committees**

14.1.15.1. 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 these Articles which govern the taking of decisions by directors.

14.2.15.2. The directors may make rules of procedure for all or any committees, which prevail over rules derived from these Articles if they are not consistent with them.

15.3. The company secretary or such other officer as they appoint from time to time, will be required to maintain the records for the scheme of delegation and to keep the Council informed of any Committees to which the directors have delegated any of their

powers, by submitting a copy of the delegation scheme records to the Council on each occasion that the record is updated.

## DECISION-MAKING BY DIRECTORS

### **15.16. Directors to take decisions collectively**

15.1.16.1. The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 1617.

15.2.16.2. If—

15.2.1.16.2.1. the Company only has one director; and

15.2.2.16.2.2. no provision of these Articles requires it to have more than one director

the general rule does not apply, and the director may take decisions without regard to any of the provisions of these Articles relating to directors' decision-making.

#### **16.17. Unanimous decisions**

**16.1.17.1.** A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

**16.2.17.2.** 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.

**16.3.17.3.** 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, but excluding any director whose vote is not to be counted in respect of the particular matter.

**17.4.** 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.

**16.4.17.5.** If at any time the Company has only one director, that director may not take any decision other than to appoint a further director..

#### **17.18. Calling a directors' meeting**

**17.1.18.1.** Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary to give such notice.

**17.2.18.2.** Notice of any directors' meeting must indicate—

**17.2.1.18.2.1.** its proposed date and time;

**17.2.2.18.2.2.** where it is to take place; and

**17.2.3.18.2.3.** 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.

**17.3.18.3.** Notice of a directors' meeting must be given to each director and must be in writing.

**18.4. A directors meeting may be held in person, electronically via online technology or in hybrid form (with both a physical location and electronic attendance).**

#### **18.19. Participation in directors' meetings**

18.1.19.1. Subject to these Articles, directors participate in a directors' meeting, –or part of a directors' meeting, when—

18.1.1.19.1.1. the meeting has been called and takes place in accordance with these Articles; and

18.1.2.19.1.2. they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

18.2.19.2. In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

18.3.19.3. 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.

#### **19.20. Quorum for directors' meetings**

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

19.2.20.2. ~~The~~Subject to articles 20.3 and 20.4, the quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than four, and unless otherwise fixed it is four.

20.3. There will be at least three non-executive directors present at a directors' meeting.

20.4. Subject to article 20.5, the Chief Executive shall always be present at a directors' meeting.

20.5. In the event that the Chief Executive is unable to attend a directors' meeting, his place will be assumed by his deputy.

19.3.20.6.1. 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—

19.3.1.20.6.1. to appoint further directors, or

19.3.2.20.6.2. to call a general meeting so as to enable the shareholders to appoint further directors.

#### **20.21. Chairing of directors' meetings**

21.1. The members may appoint any non-executive director to chair a directors' meeting.

20.1.21.2. In the event that the members do not appoint a Chair, the directors may appoint a directorChair to chair their meetingsthe meeting.

20.2.21.3. The person so appointed for the time being is known as the Chair.

20.3.21.4. The directorsmembers may terminate the Chair's appointment at any time.

20.4.21.5. If the Chair 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.

## 21.22. Casting vote

21.1.22.1. If the numbers of votes for and against a proposal are equal, the Chair or other director chairing the meeting has a second or casting vote.

22.2. But this doesArticle 22.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with theseth Articles, the Chair or other director chairing the meeting is not an eligible director for the purposes of that meeting (or part of a meeting).

## 23. Transactions or other arrangements with the company

23.1. Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided they have declared the nature and extent of their interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

23.1.1. may be counted as participating in thea party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

23.1.2. shall be an eligible director for the purposes of any proposed decision-making process for quorum or voting purposes of the directors in respect of such existing or proposed transaction or arrangement in which they are interested;

23.1.3. shall be entitled to vote at a meeting of directors or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which they are interested;

23.1.4. may act by themselves, or their firm in a professional capacity for the Company (otherwise than as auditor) and they, or their firm shall be entitled to remuneration for professional services as if they were not a director;

23.1.5. may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and

23.1.6. shall not, unless they agree otherwise, be accountable to the Company for any benefit which they (or a person connected with them (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of their duty under section 176 of the Act.

#### **22.24. Conflicts of interest**

24.1. ~~If a~~ The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching their duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

24.2. Any authorisation under this article 24 will be effective only if:

24.2.1. to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;

24.2.2. any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other Interested Director; and

24.2.3. the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other Interested Director's vote had not been counted.

24.3. Any authorisation of a Conflict under this article 24 may (whether at the time of giving the authorisation or subsequently):

24.3.1. extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

24.3.2. provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;

24.3.3. provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors ~~is concerned with an actual or proposed transaction or arrangement in relation to any resolution related to the Conflict;~~

24.3.4. impose on the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;

24.3.5. provide that, where the Interested Director obtains, or has obtained (through their involvement in the Conflict and otherwise than through their position as a director of the Company ~~in which a director~~) information that is ~~interested, that~~ confidential to a third party, they will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

24.3.6. permit the Interested Director to absent themselves from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.

24.4. Where the directors authorise a Conflict, the Interested Director will be obliged to conduct themselves in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

24.5. The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.

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

22.2. But if article 22.3 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.

22.3. This article applies when—

22.3.1. the Company by ordinary resolution disapplies the provision of these Articles which would otherwise prevent a director from being counted as participating in the decision-making process;

22.3.2. the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

22.3.3. the director's conflict of interest arises from a permitted cause.

22.4. For the purposes of this article, the following are permitted causes—

22.4.1. 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;

22.4.2. 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

22.4.3. 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.

22.5. For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

22.6. Subject to article 22.7, 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 Chair whose ruling in relation to any director other than the Chair is to be final and conclusive.~~

22.7.24.6. ~~If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which they derive from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.~~

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

25.1. 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.——

25.2. ~~Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the directors to retain a copy of such decisions.~~

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

26.1. Subject to these Articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.——

26.2. ~~The company secretary or such other officer as they appoint from time to time, will be required to notify the Council of all changes to the rules by delivering to the Council a copy of the amended rules.~~

#### **APPOINTMENT OF DIRECTORS**

#### **25.27. Number of directors**

~~25.1.27.1.~~ So long as the Council is a member of the Company, the maximum and minimum number of directors may be determined from time to time by ordinary resolution of the Company.

~~25.2. Subject to and in the absence of any resolution of the Company, there shall be no maximum number of directors and the minimum number of directors shall be four.~~

~~25.3. The directors shall include no more than the maximum number and no less than the minimum number of directors who are not full time employees of the Company, as prescribed pursuant to section 73 of the Transport Act. Subject to any order to the contrary prescribed by the ~~The~~ Secretary of State pursuant to section 73 of the Transport Act or otherwise:~~

~~25.3.1.27.2. the Company shall not at any time have more than seven non-executive directors who are not full time employees of the Company; and;~~

~~27.3. the~~ The Company shall at all times have at least two and no more than four executive directors ~~who are full time employees of the~~;

~~25.3.2.27.4. The Company shall at all times have more non-executive than executive directors.~~

## **26.28. Methods of appointing directors**

~~26.1.28.1.~~ Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

~~26.1.1.28.1.1.~~ by ordinary resolution, or

~~26.1.2.28.1.2.~~ by a decision of the directors.

~~26.2. The directors may appoint one or more of their number~~ ~~Subject to the office of Chief Executive of the Company or to~~ article 27.3.5, any other non-executive office under the Company.

~~26.2.1. An appointment under this article shall cease if the director in question ceases to~~ can be appointed by a director.

~~26.2.2.28.2. The Chief Executive Officer or a director holding any other executive office under this article shall not be~~ decision of the directors subject to retirement by rotation in accordance following a selection process agreed with article 27 the Council.

26.3.28.3. So long as the Council is a member of the Company, the Council may by notice in writing appoint any person to be a director either to fill a vacancy or as an additional director.

28.4. In any case where as a result of bankruptcy or otherwise, the Company has no shareholders and no directors, the trustee in bankruptcy or trustee in bankruptcy has the right, by notice in writing, to appoint a natural person, who is willing to act and permitted to do so, to be a director.

#### **27.29. Retirement of directors**

29.1. Every non-executive director who is not a full-time employee of the Company shall be appointed for a term of four at least three years and shall automatically retire from office at but no more than six years (the Initial Term).

27.1.29.2. At the expiration of that four year period the Initial Term, a non-executive director will be eligible to be reappointed by an ordinary resolution for Further Terms, subject to a maximum duration of ten years for the overall duration of the Initial Term and Further Terms combined.

27.2. The directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment.

27.3. As between directors who became or were last reappointed directors on Council will reserve the same day, those to retire shall be determined by lot unless otherwise agreed between the directors in question.

27.4. A exclusive right to prevent any director who retires in accordance with the provisions of this article may be reappointed, if willing to act.

27.5.29.3. If the Company, at the meeting at which from serving a director retires by rotation, does not fill the vacancy, the retiring director shall be deemed to have been reappointed (if willing to act) unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost Further Term.

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

28.1.30.1. A person shall tender his resignation as a director and the Company shall otherwise be entitled to terminate such person's appointment as a director if the relevant person—

28.1.1.30.1.1. (only in relation to a person who is also a member of the Council) ceases to be a member of the Council; or

28.1.2.30.1.2. (only in relation to a person who is also an employee of the Company), ceases to be an employee of the Company; or

30.1.3. (only in relation to a person who is also a non-executive director of the Company), commits in the reasonable opinion of the directors any breach of any written agreement entered into with the Company; or

28.1.3.30.1.4. ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law; or

28.1.4.30.1.5. is disqualified from acting as a director or resigns as a director from the Company or any subsidiary of the Company without the prior written approval of the directors; or

28.1.5.30.1.6. ~~isis in the reasonable opinion of the directors~~, guilty of any gross misconduct affecting the business of the Company or any subsidiary of the Company; or

28.1.6.30.1.7. commits any serious or repeated breach or non-observance of any of the provisions of this agreement or refuses or neglects to comply with any reasonable and lawful directions of the directors; or

28.1.7.30.1.8. is, in the reasonable opinion of the directors, negligent and incompetent in the performance of his/her duties; or

28.1.8.30.1.9. is declared bankrupt or makes any arrangement with or for the benefit of his/her creditors or has a county court administration order made against him under the County Court Act 1984; or

28.1.9.30.1.10. is convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed); or

28.1.10.30.1.11. becomes of unsound mind or a patient under any statute relating to mental health ~~and 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~~; or

28.1.11.30.1.12. ceases to be eligible to work in the United Kingdom; or

28.1.12-30.1.13. is guilty of any fraud or dishonesty or acts in any manner which in the reasonable opinion of the directors brings or is likely to bring the Executive or the Company or any subsidiary of the Company into disrepute or is materially adverse to the interests of the Company or any subsidiary of the Company; or

28.1.13-30.1.14. is guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems; or

28.1.14.30.1.15. gives notice to the Company that he is resigning from office, and such resignation has taken effect in accordance with its terms.

28.2.30.2. So long as the Council is a member of the Company, the Council may by notice in writing remove any director before the expiration of his period in office notwithstanding anything in these Articles or in any agreement between the Company and the director.

28.3.30.3. Removal under article 2830.2 is without prejudice to any claim the director may have for breach of any contract of service between him and the Company.

### 29.31. Directors' remuneration

29.1.31.1. Directors may undertake any services for the Company that the directors decide.

29.2.31.2. Directors are entitled to such remuneration as the directors determine—

29.2.1.31.2.1. for their services to the Company as directors; and

29.2.2.31.2.2. for any other service which they undertake for the Company

provided that, so long as the Council is a member of the Company, no director who is a member of the Council shall be remunerated for his services to the Company as a director.

29.3.31.3. Subject to these Articles, a director's remuneration may—

29.3.1.31.3.1. take any form, and

29.3.2.31.3.2. 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.

29.4.31.4. Unless the directors decide otherwise, directors' remuneration accrues from day to day.

### **30.32. Directors' expenses**

30.1.32.1. The Company may pay any reasonable expenses which ~~the~~ any non-executive directors properly incur in connection with their attendance at—

30.1.1.32.1.1. meetings of directors or committees of directors;

30.1.2.32.1.2. general meetings; or

30.1.3.32.1.3. 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.

32.2. The company secretary or such other officer as they appoint from time to time, will maintain the payment scheme for paying expenses to non-executive directors and will send a copy of the relevant payment records to the Council in the event of any amendment.

### **33. Secretary**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and on such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

### **34. Employee Representative**

34.1. The Company shall at all times have an Employee Representative who is neither a director nor a member of the Remuneration Committee.

34.2. The Employee Representative shall have no voting rights and will be unable to exercise any control over the Company, however shall be entitled to attend and participate at board meetings, receive papers and address the board.

## SHARES AND DISTRIBUTIONS

### SHARES

#### **31.35. Issue of shares**

No share shall be issued to any person other than the Council without the consent of the Council having been obtained.

#### **32.36. Company's lien over shares**

**32.1.36.1.** The Company has a lien (the Company's lien) over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.

**32.2.36.2.** The Company's lien over a share—

**32.2.1.36.2.1.** takes priority over any third party's interest in that share; and

**32.2.2.36.2.2.** extends to any dividend or other money payable by the Company in respect of that share and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

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

#### **33.37. Enforcement of the Company's lien**

**33.1.37.1.** Subject to the provisions of this article, if—

**33.1.1.37.1.1.** a lien enforcement notice has been given in respect of a share; and

**33.1.2.37.1.2.** the person to whom the notice was given has failed to comply with it,

the Company may sell that share in such manner as the directors decide.

**33.2.37.2.** A lien enforcement notice—

33.2.1.37.2.1. may only be given in respect of a share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

33.2.2.37.2.2. must specify the share concerned;

33.2.3.37.2.3. must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);

33.2.4.37.2.4. must be addressed either to the holder of the share or to a transmittee of that holder; and

33.2.5.37.2.5. must state the Company's intention to sell the share if the notice is not complied with.

#### **34.38. Call Notices**

34.1.38.1. Subject to these Articles and the terms on which shares are allotted, the directors may send a notice (a call notice) to a shareholder requiring the shareholder to pay the Company a specified sum of money (a call) which is payable to the Company at the date when the directors decide to send the call notice.

34.2.38.2. A call notice—

34.2.1.38.2.1. may not require a shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the Company;

34.2.2.38.2.2. must state when and how any call to which it relates is to be paid; and

34.2.3.38.2.3. may permit or require the call to be made in instalments.

34.3.38.3. A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14-day period expires) have passed since the notice was sent.

34.4.38.4. Before the Company has received any call due under a call notice the directors may—

34.4.1.38.4.1. revoke it wholly or in part; or

34.4.2.38.4.2. specify a later time for payment than is specified in the notice, by a further notice in writing to the shareholder in respect of whose shares the call is made.

#### **35.39. Liability to pay calls**

35.1.39.1. Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

35.2.39.2. Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

35.3.39.3. Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them—

35.3.1.39.3.1. to pay calls which are not the same; or

35.3.2.39.3.2. to pay calls at different times.

#### **36.40. When call notice need not be issued**

36.1.40.1. A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share—

36.1.1.40.1.1. on allotment;

36.1.2.40.1.2. on the occurrence of a particular event; or

36.1.3.40.1.3. on a date fixed by or in accordance with the terms of issue.

36.2.40.2. But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

#### **37.41. Failure to comply with call notice: automatic consequences**

37.1.41.1. If a person is liable to pay a call and fails to do so by the call payment date—

37.1.1.41.1.1. the directors may issue a notice of intended forfeiture to that person; and

37.1.2.41.1.2. until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate.

37.2.41.2. For the purposes of this article—

37.2.1.41.2.1. the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date; and

37.2.2.41.2.2. the "relevant rate" is

- (a) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
- (b) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
- (c) if no rate is fixed in either of these ways, 5 per cent per annum.

37.3.41.3. The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.

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

**38.42. Notice of intended forfeiture**

**38.1.42.1.** A notice of intended forfeiture—

**38.1.1.42.1.1.** may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;

**38.1.2.42.1.2.** must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;

**38.1.3.42.1.3.** must require payment of the call and any accrued interest [and all expenses that may have been incurred by the Company by reason of such non-payment] by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);

**38.1.4.42.1.4.** must state how the payment is to be made; and

**38.1.5.42.1.5.** must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

**39.43. Directors' power to forfeit shares**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

**40.44. Effect of forfeiture**

**40.1.44.1.** Subject to these Articles, the forfeiture of a share extinguishes—

**40.1.1.44.1.1.** all interests in that share, and all claims and demands against the Company in respect of it; and

**40.1.2.44.1.2.** all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company.

**40.2.44.2.** Any share which is forfeited in accordance with these Articles—

**40.2.1.44.2.1.** is deemed to have been forfeited when the directors decide that it is forfeited;

**40.2.2.44.2.2.** is deemed to be the property of the Company; and

**40.2.3.44.2.3.** may be sold, re-allotted or otherwise disposed of as the directors think fit.

**40.3.44.3.** If a person's shares have been forfeited—

**40.3.1.44.3.1.** the Company must send that person notice that forfeiture has occurred and record it in the register of shareholders;

**40.3.2.44.3.2.** that person ceases to be a shareholder in respect of those shares;

**40.3.3.44.3.3.** that person must surrender the certificate for the shares forfeited to the Company for cancellation;

**40.3.4.44.3.4.** that person remains liable to the Company for all sums payable by that person under these Articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and

**40.3.5.44.3.5.** the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

**40.4.44.4.** At any time before the Company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls, interest and expenses due in respect of it and on such other terms as they think fit.

#### **41.45. Procedure following forfeiture**

**41.1.45.1.** If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

**41.2.45.2.** A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date—

**41.2.1.45.2.1.** is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and

**41.2.2.45.2.2.** is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share.

**41.3.45.3.** A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

**41.4.45.4.** If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which—

**41.4.1.45.4.1.** was, or would have become, payable; and

**41.4.2.45.4.2.** had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

#### **42.46. Surrender of shares**

**42.1.46.1.** A shareholder may surrender any share—

**42.1.1.46.1.1.** in respect of which the directors may issue a notice of intended forfeiture;

**42.1.2.46.1.2.** which the directors may forfeit; or

**42.1.3.46.1.3.** which has been forfeited.

**42.2.46.2.** The directors may accept the surrender of any such share.

**42.3.46.3.** The effect of surrender on a share is the same as the effect of forfeiture on that share.

**42.4.46.4.** A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

#### **43.47. Payment of commissions on subscription for shares**

**43.1.47.1.** The Company may pay any person a commission in consideration for that person—

**43.1.1.47.1.1.** subscribing, or agreeing to subscribe, for shares; or

**43.1.2.47.1.2.** procuring, or agreeing to procure, subscription for shares.

**43.2.47.2.** Any such commission may be paid—

**43.2.1.47.2.1.** in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other; and

**43.2.2.47.2.2.** in respect of a conditional or an absolute subscription.

**44.48. Power to issue different classes of shares**

**44.1.48.1.** Subject to these 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.

**44.2.48.2.** 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.

**45.49. 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 these 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.

**46.50. Share certificates**

**46.1.50.1.** The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

**46.2.50.2.** Every certificate must specify—

**46.2.1.50.2.1.** in respect of how many shares, of what class, it is issued;

**46.2.2.50.2.2.** the nominal value of those shares;

**46.2.3.50.2.3.** that the shares are fully paid; and

**46.2.4.50.2.4.** any distinguishing numbers assigned to them.

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

**46.4.50.4.** If more than one person holds a share, only one certificate may be issued in respect of it.

**46.5.50.5.** Certificates must—

**46.5.1.50.5.1.** have affixed to them the Company's common seal, or

**46.5.2.50.5.2.** be otherwise executed in accordance with the Companies Acts.

**47.51. Replacement share certificates**

**47.1.51.1.** If a certificate issued in respect of a shareholder's shares is—

**47.1.1.51.1.1.** damaged or defaced, or

**47.1.2.51.1.2.** said to be lost, stolen or destroyed

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

**47.2.51.2.** A shareholder exercising the right to be issued with such a replacement certificate—

**47.2.1.51.2.1.** may at the same time exercise the right to be issued with a single certificate or separate certificates;

**47.2.2.51.2.2.** must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

**47.2.3.51.2.3.** must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

**DIVIDENDS AND OTHER DISTRIBUTIONS**

**48.52. Procedure for declaring dividends**

**48.1.52.1.** The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

**48.2.52.2.** Notwithstanding article **4851.1**, so long as the Council is a member of the Company, no interim dividends shall be paid save with the prior approval in writing by or on behalf of the Council.

**48.3.52.3.** 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.

**48.4.52.4.** No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

**48.5.52.5.** Unless the shareholders' 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 each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

**48.6.52.6.** 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 arrears.

**48.7.52.7.** 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.

**48.8.52.8.** 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.

#### **49.53. Payment of dividends and other distributions**

**49.1.53.1.** 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—

**49.1.1.53.1.1.** transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;

**49.1.2.53.1.2.** sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

**49.1.3.53.1.3.** sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

**49.1.4.53.1.4.** any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

**49.2.53.2.** In these Articles, “the distribution recipient” means, in respect of a share in respect of which a dividend or other sum is payable—

**49.2.1.53.2.1.** the holder of the share; or

**49.2.2.53.2.2.** if the share has two or more joint holders, whichever of them is named first in the register of members; or

**49.2.3.53.2.3.** if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

#### **50.54. No interest on distributions**

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

**50.1.1.54.1.1.** the terms on which the share was issued, or

**50.1.2.54.1.2.** the provisions of another agreement between the holder of that share and the Company.

#### **51.55. Unclaimed distributions**

**51.1.55.1.** All dividends or other sums which are—

**51.1.1.55.1.1.** payable in respect of shares; and

**51.1.2.55.1.2.** 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.

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

**51.3.55.3.** If—

**51.3.1.55.3.1.** twelve years have passed from the date on which a dividend or other sum became due for payment; and

**51.3.2.55.3.2.** the distribution recipient has not claimed it;

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

## **52.56. Non-cash distributions**

**52.1.56.1.** 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).

**52.2.56.2.** 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—

**52.2.1.56.2.1.** fixing the value of any assets;

**52.2.2.56.2.2.** paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

**52.2.3.56.2.3.** vesting any assets in trustees.

## **53.57. Waiver of distributions**

**53.1.57.1.** Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—

**53.1.1.57.1.1.** the share has more than one holder; or

**53.1.2.57.1.2.** more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise;

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

## **CAPITALISATION OF PROFITS**

## **54.58. Authority to capitalise and appropriation of capitalised sums**

**54.1.58.1.** Subject to these Articles, the directors may, if they are so authorised by an ordinary resolution—

**54.1.1.58.1.1.** 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

54.1.2.58.1.2. 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.

54.2.58.2. Capitalised sums must be applied—

54.2.1.58.2.1. on behalf of the persons entitled; and

54.2.2.58.2.2. in the same proportions as a dividend would have been distributed to them.

54.3.58.3. 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.

54.4.58.4. 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.

54.5.58.5. Subject to these Articles the directors may—

54.5.1.58.5.1. apply capitalised sums in accordance with articles 5457.3 and 5457.4 partly in one way and partly in another;

54.5.2.58.5.2. 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

54.5.3.58.5.3. 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

#### ORGANISATION OF GENERAL MEETINGS

##### **55. General meetings**

~~General meetings other than the annual general meeting shall be called special general meetings.~~

##### **56.59. Notice of general meetings**

59.1. The following provisions of these Articles will apply insofar as the Company has more than one shareholder.

59.2. As long as the Council is the sole shareholder of the Company, it will convene general meetings by way of its established scheme of delegation.

56.1.59.3. Any general meeting must be called on at least 21 and not more than 28 clear days' written notice indicating the business to be discussed, and if a special resolution is to be proposed, at least 28 clear days' written notice setting out the terms of the proposed special resolution.

56.2.59.4. A general meeting may be called on shorter notice if it is so agreed by all members entitled to attend and vote.

56.3. If the general meeting is to be an AGM, the notice must say so.

56.4.59.5. The notice must be given to all members.

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

57.1.60.1. 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.

57.2.60.2. A person is able to exercise the right to vote at a general meeting when—

57.2.1.60.2.1. that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

**57.2.2.60.2.2.** 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.

**57.3.60.3.** 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.

**57.4.60.4.** In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

**57.5.60.5.** Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

**57.6.60.6.** So long as the Council is a member of the Company it may be represented at any general meeting of the Company by ~~the Chief Executive for the time being of the Council, or in his absence such others~~ such person as may from time to time be determined by the Council.

### **58.61. Quorum for general meetings**

**58.1.61.1.** If there are two or more members of the Company, then a quorum at a general meeting is two members present in person or by proxy.

**58.2.61.2.** If there is only one member of the Company, then a quorum at a general meeting is one member present in person or by proxy.

**58.3.61.3.** No business other than the appointment of the Chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

### **59.62. Chairing general meetings**

**59.1.62.1.** If the ~~directors~~members have appointed a Chair, the Chair shall chair general meetings if present and willing to do so.

**59.2.** If the ~~directors~~members have not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

**59.2.1.** ~~the directors present; or~~

~~59.2.2. (if no directors are present)~~, the meeting;

62.2. must appoint a ~~director or~~ shareholder to chair the meeting, and the appointment of the Chair of the meeting must be the first business of the meeting.

~~59.3.62.3.~~ The person chairing a meeting in accordance with this article is referred to as “the Chair of the meeting”.

#### **60.63. Attendance and speaking by directors and non-shareholders**

~~60.1.63.1.~~ Directors may attend and speak at general meetings, whether or not they are shareholders.

~~60.2.63.2.~~ The Chair of the meeting may permit other persons who are not—

~~60.2.1.63.2.1.~~ shareholders of the Company, or

~~60.2.2.63.2.2.~~ otherwise entitled to exercise the rights of shareholders in relation to general meetings;

to attend and speak at a general meeting.

#### **61.64. Adjournment**

~~61.1.64.1.~~ 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 Chair of the meeting must adjourn it.

~~61.2.64.2.~~ The Chair of the meeting may adjourn a general meeting at which a quorum is present if—

~~61.2.1.64.2.1.~~ the meeting consents to an adjournment; or

~~61.2.2.64.2.2.~~ it appears to the Chair 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.

~~61.3.64.3.~~ The Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

~~61.4.64.4.~~ When adjourning a general meeting, the Chair of the meeting must—

~~61.4.1.64.4.1.~~ 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

**61.4.2.64.4.2.** have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

**61.5.64.5.** 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)—

**61.5.1.64.5.1.** to the same persons to whom notice of the Company's general meetings is required to be given; and

**61.5.2.64.5.2.** containing the same information which such notice is required to contain.

**61.6.64.6.** 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

##### **62.65. Voting: general**

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

**65.2.** On a vote on a resolution on a show of hands at a general meeting every shareholder (whether present in person or by one or more proxies) has one vote.

**65.3.** On a vote on:

**65.3.1.** a resolution on a poll taken at a general meeting; or

**65.3.2.** a written resolution;

every shareholder has one vote in respect of each share held.

##### **63.66. Errors and disputes**

**63.1.66.1.** 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.

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

**64.67. Poll votes**

64.1.67.1. A poll on a resolution may be demanded—

64.1.1.67.1.1. in advance of the general meeting where it is to be put to the vote; or

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

64.2.67.2. A poll may be demanded by—

64.2.1.67.2.1. the Chair of the meeting;

64.2.2.67.2.2. the directors;

64.2.3.67.2.3. two or more persons having the right to vote on the resolution; or

64.2.4.67.2.4. a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

64.3.67.3. A demand for a poll may be withdrawn if—

64.3.1.67.3.1. the poll has not yet been taken; and

64.3.2.67.3.2. the Chair of the meeting consents to the withdrawal.

64.4.67.4. Polls must be taken immediately and in such manner as the Chair of the meeting directs.

**65.68. Content of proxy notices**

65.1.68.1. Proxies may only validly be appointed by a notice in writing (a "proxy notice") which—

65.1.1.68.1.1. states the name and address of the shareholder appointing the proxy;

~~65.1.2.~~68.1.2. identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

~~65.1.3.~~68.1.3. is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

~~65.1.4.~~68.1.4. is delivered to the Company in accordance with these Articles and any instructions contained in the notice of the general meeting to which they relate.

~~65.2.~~68.2. The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

~~65.3.~~68.3. 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.

~~65.4.~~68.4. Unless a proxy notice indicates otherwise, it must be treated as—

~~65.4.1.~~68.4.1. 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

~~65.4.2.~~68.4.2. 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.

#### **66.69. Delivery of proxy notices**

**66.1.69.1.** 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.

**66.2.69.2.** 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.

**66.3.69.3.** 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.

**66.4.69.4.** If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### **67.70. Amendments to resolutions**

**67.1.70.1.** An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

**67.1.1.70.1.1.** 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 Chair of the meeting may determine); and

**67.1.2.70.1.2.** the proposed amendment does not, in the reasonable opinion of the Chair of the meeting, materially alter the scope of the resolution.

**67.2.70.2.** A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

**67.2.1.70.2.1.** the Chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

**67.2.2.70.2.2.** the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

**67.3.70.3.** If the Chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chair's error does not invalidate the vote on that resolution.

## PART 5

### ADMINISTRATIVE ARRANGEMENTS

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

**68.1.** ~~Subject to these Articles, anything sent or supplied by or to the Company under these Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.~~

**68.2.** ~~Subject to these 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.~~

**71.1.** ~~A director may agree with~~Subject to article 71.3, any notice, document or other information shall be in writing and shall:

**71.1.1.** if delivered by hand at the time the notice, document or other information is left at the address;

**71.1.2.** if sent by pre-paid first class post or other, next working day delivery service providing proof of postage, at 9.00 am on the second Business Day after posting;

**71.1.3.** if sent by pre-paid airmail providing proof of postage, at 9.00 am on the fifth Business Day after posting;

**71.1.4.** if sent by email, at the time of transmission; or

**71.1.5.** if sent or supplied by means of a website, when the Company that notices or documents sent to that director in a particular way are to be material is first made available on the website or (if later) when the recipient receives (or is deemed to have been received) within a specified time of their being sent, and for the specified time to be less than 48) notice of the fact that the material is available on the website.

71.2. If deemed receipt under article 70.1 would occur outside business hours in the place of receipt, it shall be deferred until business hours resume. In this article 70.2, business hours means 9.00 am to 5.00 pm Monday to Friday on a day that is not a public holiday in the place of receipt and all references to time are to local time in the place of receipt.

71.3. To prove service, it is sufficient to prove that:

71.3.1. if delivered by hand, the notice was delivered to the correct address;

71.3.2. if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or

68.3.71.4. if sent by email, the notice was properly addressed and sent to the email address of the recipient.

#### **69.72. Company seals**

69.1.72.1. Any common seal may only be used by the authority of the directors.

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

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

69.4.72.4. For the purposes of this article, an authorised person is—

69.4.1.72.4.1. any director of the Company;

69.4.2.72.4.2. the company secretary (if any); or

69.4.3.72.4.3. any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

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

70.1.73.1. Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder.

70.2.73.2. Notwithstanding article 7072.1, so long as the Council is a member of the Company, the Chief Executive for the time being of the Council (or in his absence such other person as may from time to time be determined by the Council) and any other Statutory Officer of the Council, or its auditors, shall be entitled to inspect all accounting records, books, documents, statements and records of the Company.

**71.74. 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.

**DIRECTORS' INDEMNITY AND INSURANCE**

**72.75. Indemnity**

75.1. Subject to article 72.2.74.1, but without prejudice to any indemnity to which a relevant ~~director of the Company or an associated company may officer is otherwise entitled~~:

72.1.75.1.1. each relevant officer shall be indemnified out of the Company's assets against— all costs, charges, losses, expenses and liabilities incurred by them as a relevant officer in the actual or purported execution or discharge of their duties, or in relation to them including (in each case) any liability incurred by them in defending any civil or criminal proceedings, in which judgment is given in their favour or in which they are acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on their part or in connection with any application in which the court grants them, in their capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

72.1.1. the Company may provide any liability relevant officer with funds to meet expenditure incurred or to be incurred by that director them in connection with any

~~negligence, default, breach of duty or breach of trust~~ proceedings or application referred to in relation to the Company or an associated company;

~~72.1.2. article 75.1.1 and otherwise may take any liability incurred by that director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006);~~

~~72.1.3. 75.1.2. action to enable any other liability incurred by that director as an officer of the Company or an associated company such relevant officer to avoid incurring such expenditure.~~

~~72.2. 75.2.~~ 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.

~~72.3. 75.3.~~ In this article—:

~~72.3.1. 75.3.1. companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and~~

~~75.3.2. a “relevant director” means any director or former director or other officer of the Company or an associated company, (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act)).~~

~~72.3.2.~~

## ~~73.76. Insurance~~

~~73.1. 76.1. 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.~~

~~73.2. 76.2.~~ In this article—

~~73.2.1. 76.2.1. a “relevant director” means any director or former director of the Company or an associated company;~~

~~73.2.2. 76.2.2. 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

73.2.3-76.2.3. companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.