

Consultation on right to manage company articles



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June 2009

Department for Communities and Local Government: London

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Summary of consultation

Scope of the consultation

Topic of this consultation:	This consultation paper sets out the Government's proposal to provide new prescribed articles for right to manage (RTM) companies. These are the companies through which leaseholders exercise the right to manage under the Commonhold and Leasehold Reform Act 2002. This enables them to join together to take over the management of the premises containing their flats. The changes being proposed are required to update the constitutional documents of RTM companies to reflect changes made by the Companies Act 2006 (the 2006 Act) and to make a necessary small amendment to the existing voting provisions.
Scope of this consultation:	The aim is to seek the views of consultees upon the revised articles of association that the Government proposes to prescribe for RTM companies.
Geographical scope:	This consultation is being carried out in respect of premises in England. The Welsh Assembly Government will consult separately in respect of any similar provisions affecting premises in Wales.
Impact assessment:	There is no impact assessment accompanying this consultation document. These proposals will have no impact either positive or negative upon the private and third sectors or impose any significant costs upon the public sector. They are aimed at ensuring that the constitutional documents of RTM companies reflect relevant changes made by the 2006 Act. At the same time a small amendment is being proposed to the current voting provisions. These provisions will not apply to existing RTM companies. An implementation stage impact assessment may be provided if considered necessary.

Basic Information

To:	This consultation is primarily aimed at long leaseholders and landlords of flats and professionals in the leasehold field.
Body/bodies responsible for the consultation:	Communities and Local Government Leasehold and Park Homes Policy Team
Duration:	Seven weeks – Consultation begins 29 June 2009 and ends 16 August 2009
Enquiries:	Samya Muddathir (020 7944 6226) or Chris Humphreys (020 7944 3552) samya.muddathir@communities.gsi.gov.uk chris.humphreys@communities.gsi.gov.uk
How to respond:	Responses can be submitted by email to: leasehold.reform@communities.gsi.gov.uk Alternatively, hard copy responses should be sent to: Samya Muddathir Communities and Local Government Leasehold and Park Homes Team Zone 1/J6 Eland House Bressenden Place London SW1E 5DU
Additional ways to become involved:	A written exercise only is proposed during the consultation stage.
After the consultation:	A summary of responses to the consultation will be published on the Department's website within three months of the closing date for consultation i.e. by 16 November 2009. Information on the Department's consultations is available from: www.communities.gov.uk/corporate/publications/consultations The Department will then look to make regulations prescribing amended articles of association for RTM companies.

Compliance with the code of practice on consultation:	<p>It has not been possible to provide the full consultation period for responses to the proposals in this paper and this decision has been approved by ministers. This is a technical measure that ensures that the new prescribed articles for RTM companies are updated at the same time as those for companies in general, following amendments being introduced by the 2006 Act. This paper will be sent to all stakeholders who are known to have an interest in this policy area.</p>
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Background

Getting to this stage:	<p>Revised articles for RTM companies have been drafted to take account of the changes being made by the 2006 Act. The revised articles are based upon the model articles introduced for private companies limited by guarantee which incorporate the changes made by the 2006 Act.</p>
Previous engagement:	<p>There has been no previous consultation with stakeholders upon changes to the prescribed constitutional documents for RTM companies.</p>

Introduction

Background and context

1. This consultation paper seeks views on the changes that Communities and Local Government (CLG) are proposing to introduce that will have an impact upon RTM companies. The proposed changes will amend the form and content of the memorandum and articles of association that have been prescribed for RTM companies. It is proposed that these changes should come into effect on 1 October 2009.
2. The main reason for proposing these changes is so that the prescribed constitutional documents for RTM companies conform to the new style of model articles being introduced for different types of company under the Companies Act 2006 (the 2006 Act) and in particular those for private companies limited by guarantee. These new model articles reflect the intention of that Act to provide articles that are more appropriate to the needs of smaller companies.
3. The right to manage was introduced by the Commonhold and Leasehold Reform Act 2002 (the 2002 Act) and gave long leaseholders of flats the right to join together to take over the management of the premises containing their flats. The 2002 Act provided for the right to be exercisable by a RTM company and for regulations to be made about the content and form of their memorandum and articles of association. The right to manage came into effect on 30 September 2003 along with regulations setting out the form and content of the memorandum and articles of association for RTM companies.
4. All companies are required to adopt certain constitutional documents when they incorporate and these have set out the purpose of the company (memorandum of association) and the internal rules governing how it is run (articles of association). Successive Companies Acts have provided standardised or model forms of memorandum and articles of association for particular types of company including table A for companies limited by shares. Such model articles can be adopted by companies and can also provide useful guidance to both new and existing companies as they are periodically updated to reflect changes to legislation.
5. Table C provided a model memorandum of association for a company limited by guarantee without a share capital and also sets out provisions for adapting table A model articles for this type of company. The memorandum and articles of association prescribed

for RTM companies were based upon the table C format made under the 1985 Companies Act.¹

The Companies Act 2006

6. The 2006 Act introduced a major reform of company law in order to make it more focused on the needs of smaller companies. This reform included replacing the memorandum and articles of association of new companies with a single document (the articles) with the objects of the company being unrestricted if there are no express objects in the company's articles. New sets of model articles reflecting these reforms have also been introduced through regulations² including one for private companies limited by guarantee³ upon which it is proposed to base the new prescribed articles for RTM companies. **Chapter 1** of this paper sets out these proposals in more detail.
7. **Chapter 2** of this paper sets out our proposal for a further small amendment to the provisions in the prescribed articles dealing with the votes of members.

First EC Company Law Directive

8. Further proposals will need to be consulted on in due course to deal with issues raised by the First EC Company Law Directive (First Directive) (68/151/EEC) as amended. This Directive places certain requirements upon Member States in respect of the disclosure by companies of information about the contents of their constitutional documents. The intention being that there is a sufficient level of transparency for third parties about the contents of those documents. Certain measures are being introduced through the 2006 Act to help address this issue. This includes provisions coming into effect on 1 October 2009 that will restrict the choice of names under which a UK company may be registered. This will prevent companies that are not RTM Companies being registered using the following in any part of its registered name⁴ – 'RTM Company Limited', 'Right to Manage' or 'RTM'.
9. However these actions in themselves may not adequately address all of the particular transparency issues that are seen to arise with RTM companies. This arises from the fact that there is no requirement for RTM companies to identify themselves as such and that they do not need to formally adopt the memorandum and articles prescribed for them. This means that it will not always be clear to a searcher at Companies House if a particular company is a RTM company and therefore whether the prescribed memorandum and articles of association will have effect.

¹ The Companies (Table A to F) Regulations 1985.

² The Companies (Model Articles) Regulations 2008 (the 2008 Regulations).

³ Schedule 2 of the 2008 Regulations.

⁴ The Companies and Business Names (Miscellaneous Provisions) Regulations 2009.

10. This consultation is being carried out in respect of properties in England. The Welsh Assembly Government will consult separately in respect of any similar provisions affecting properties in Wales.

Publication of responses

11. Information provided in response to this consultation, including personal information, may be published, or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).
12. If you want any of the information that you provide to be treated as confidential you should be aware that under the FOIA, there is a statutory code of practice with which public authorities must comply, and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
13. The Department will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Alternative formats under Disability Discrimination Act (DDA)

14. If you require this publication in an alternative format (e.g. Braille or audio) please email alternativeformats@communities.gsi.gov.uk quoting the title and product code/ISBN of the publication, and your address and telephone number.

Chapter 1: The 2006 Companies Act amendments

The right to manage and RTM companies

1. The right to manage was introduced by Part 2 of Chapter 1 of the 2002 Commonhold and Leasehold Reform Act (the 2002 Act). This makes provision for a qualifying majority of long leaseholders to take over the management of the premises containing their flats without them having to prove any fault on the part of their landlord. The 2002 Act goes on to provide that the right is exercisable through a RTM company and specifies what constitutes a RTM company.
2. Section 73 of the 2002 Act defines a RTM Company as follows:

A company is a RTM company in relation to premises if—

it is a private company limited by guarantee, and

its memorandum of association states that its object, or one of its objects, is the acquisition and exercise of the right to manage the premises.

But a company is not a RTM company if it is a commonhold association.

And a company is not a RTM company in relation to premises if another company is already a RTM company in relation to the premises or to any premises containing or contained in the premises.

If the freehold of any premises is conveyed or transferred to a company which is a RTM company in relation to the premises, or any premises containing or contained in the premises, it ceases to be a RTM company when the conveyance or transfer is executed.
3. Provision is also made for the appropriate national authority⁵ to make regulations about the content and form of the memorandum and articles of association of RTM companies (section 74 (2) of the 2002 Act). Regulations covering RTM companies in England were made on 7 August 2003 (SI 2003 No. 2120)⁶ and came into force on 30 September 2003. These regulations provide that the memorandum and articles of association of a RTM company shall take the form and include the provisions set out in the schedule to those regulations. A copy of those prescribed memorandum and articles of association can be found in **Annex B**. The regulations also state as provided for by the

⁵ The Secretary of State (as respects England) and the National Assembly for Wales (as respects Wales) as defined in s179 of the 2002 Act.

⁶ The RTM Companies (Memorandum and Articles of Association) (England) Regulations 2003.

2002 Act⁷ that these provisions shall have effect for a RTM company whether or not they are adopted by the company. Therefore RTM companies do not have to specifically adopt the prescribed articles.

The Companies Act 2006

4. The changes being introduced include replacing the memorandum and articles of association of companies with a single document (the articles) and providing for a company's objects to be unrestricted where there are no express objects in its articles. Changes are also being made to general company law in such areas as the number and appointment of directors and decision making by directors and members.
5. New sets of standardised model articles incorporating these changes have also been produced for the three main types of company; private companies limited by shares, private companies limited by guarantee and public companies. The former Department of Trade and Industry published a series of consultation papers on these proposals between March 2005 and February 2007. A further draft of the Model Articles for the three main types of companies was produced for comment by the Department for Business Enterprise and Regulatory Reform in July 2007, accompanied by a short paper outlining the Government response to the February 2007 consultation.
6. Regulations have now been made⁸ that contain these new model articles which will apply to all new companies incorporated on or after 1 October 2009. Some changes have already been made to the existing tables A, C and E through regulations made in October 2007 and April 2008 to reflect provisions introduced by the 2006 Companies Act that have already come into force.
7. We are of the view that the prescribed constitutional documents for RTM companies should be updated as from 1 October 2009 so that they are consistent where possible with the form and content of the model articles for private companies limited by guarantee, being introduced under the 2006 Act. A copy of these articles can be found in **Annex C**. This will mean that the prescribed memorandum and articles of association of RTM companies will become a single document (the articles) and the memorandum will disappear. References in the 2002 Act to the memorandum of association of RTM companies are being removed⁹.
8. These new model articles cover many of the same areas of internal management as the current articles for RTM companies although in a generally less detailed manner in keeping with the intention of providing articles that are more focused on the needs of small companies.

7 Section 74 (4).

8 The Companies (Model Articles) Regulations 2008

9 The Companies Act 2006 (Consequential Amendments) (General) Order 2009

9. However it would cause unnecessary disruption to impose new articles upon existing RTM companies. These companies will be currently operating under a different set of internal rules which although similar will vary in certain respects from those under the new articles. It would seem sensible therefore for the amended articles to only apply to RTM companies incorporated at any time on or after 1 October 2009.

Proposals

Objects

10. Currently the objects of a company are restricted to those included in its memorandum of association and the objects of RTM companies have in this way been restricted to those set out in the memorandum of association prescribed in the 2003 regulations. However as mentioned in the **Introduction**, under the new company law regime to be introduced by the 2006 Act, the objects of a company will be unrestricted where there are no express objects in its articles. It is proposed to include the existing prescribed objects for RTM companies in the new articles.

Articles

11. The introduction referred to how it is proposed to base the new prescribed articles for RTM companies upon the Model Articles for private companies limited by guarantee, introduced by the 2006 Act. In this way RTM company articles would incorporate the changes to the format and content of articles made by that Act. However we do consider that certain existing prescribed articles for RTM companies dealing with particular requirements seen to be necessary for the proper functioning of RTM companies.
12. We therefore propose subject to the additional amendment referred to in **Chapter 2** below, to retain those existing articles that deal with the rules governing membership and which set out of the distribution of votes in RTM companies.
13. As explained earlier it is also proposed that these changes to the prescribed articles for RTM companies should be effective from 1 October 2009 and apply to those companies that are incorporated on or after that date. This is the date when the new Model Articles under the 2006 Act (including those for private companies limited by guarantee) will come into effect. This change when introduced will not require any action from RTM companies to specifically adopt the new articles and will not amend the memorandum and articles of association of existing RTM companies.
14. A draft of proposed new articles for RTM companies is included at **Annex D** incorporating these amendments together with the additional amendment proposed in **Chapter 2** below.

Question 1: Do you agree with the proposal that the prescribed constitutional documents for RTM companies should be amended to incorporate the new style and broad content of the model articles for private companies limited by guarantee introduced under the 2006 Companies Act? If not please say why.

Question 2: Do you agree that the amended articles should come into effect on 1 October 2009 and should only be prescribed for RTM companies that are incorporated on or after that date? If not please say why.

Question 3: Do you agree that the objects of RTM companies should be restricted to those that currently appear in the prescribed memorandum of association for such companies? If not please say why other objects should be included.

Question 4: Do you agree that the amended version of the prescribed articles for RTM companies should retain the existing articles that deal with membership (4 to 13) and some of the articles (37 to 39) that deal with the votes of members? If not please say why.

Question 5: Please also indicate whether you think that there are any other provisions from the existing articles that should be retained. Please specify which ones and say why.

Question 6: Please indicate whether you think that there are any further provisions that should be included in the new articles for RTM companies? If so please give details.

Chapter 2: Further amendment to RTM company articles

1. Chapter 1 set out our proposals for amending the prescribed memorandum and articles of association for RTM companies to reflect the changes being introduced through the 2006 Companies Act (the 2006 Act). It is being proposed that with certain modifications, the new constitutional document for RTM companies would be based upon the new model articles for private companies limited by guarantee although they would only take effect for RTM companies incorporated at any time on or after 1 October 2009.
2. This chapter contains a proposal for a further amendment to the prescribed articles for RTM companies. This amendment is intended to address a specific issue that has been highlighted as arising under the current articles and which could be conveniently addressed as part of the wider amendment process.

Allocation of voting rights where landlords are members of the RTM company

3. Currently article 39 sets out important details about the allocation of votes, where there are landlords under leases of the whole or any part of the premises who are members of the RTM company. These votes are weighted to take account of the respective interests of those members in the property in question. The votes allocated to each residential unit in the premises are to be cast by the qualifying leaseholder of the flat in question who is a member of the company. Such leaseholders will be given the same number of votes as there are landlords who are members of the company. Whilst landlords under leases of the whole or any part of the premises who are members of the company are entitled to at least one vote with weighted votes being available to reflect their interest in non-residential parts of the premises.
4. As set out in **Chapter 1** above, it is proposed that these particular provisions should remain substantially in place. This will ensure that certain requirements seen to be necessary for the proper functioning of RTM companies are retained when other amendments to incorporate the 2006 Act changes are introduced. However it is our view that an amendment should be made to the particular provision of article 39 (c) that provides for the votes of those flats of qualifying tenants who are not members of the RTM company, are to be exercised by the immediate landlord of that flat. On reflection it would seem that to give the landlord the vote of those flats in such circumstances is not the correct approach.

5. The RTM provisions in the 2002 Commonhold and Leasehold Reform Act¹⁰ only provide that the landlord is responsible for the service charges of flats which are not subject to a lease held by a qualifying tenant. There would then seem to be little justification for providing him with the vote of a flat held by a qualifying tenant just because that tenant is not a member of the company. The current provision would appear to have the effect of unjustifiably distorting the voting arrangements in favour of landlords in the property.

Proposal for amendment of voting rights

6. We propose amending the current article 39 (c) so that it provides that the immediate landlord will only have the vote in respect of those residential units where there is no qualifying tenant.
7. As with the broader amendments being proposed to the prescribed memorandum and articles of association for RTM companies set out in Chapter 1 above, it is proposed that this particular provision should come into effect on 1 October 2009 and will be included as part of the prescribed articles of RTM companies incorporated on or after that date.

Question 7: Please indicate whether you agree with the proposal to alter the current article 39 (c) so that the immediate landlord will not be entitled to the vote of a residential unit held by a qualifying tenant who is not a member of the RTM company? If not please give your reasons.

Question 8: Do you agree that any such amendment should come into effect on 1 October 2009 and only be included in the prescribed articles of RTM companies incorporated on or after that date? If not please give reasons.

Question 9: Do you think that there should be any further amendments to the existing articles (37 to 39) for RTM companies dealing with the votes of members that it is proposed to retain? If so please give details and reasons.

Annex A

List of questions:

Chapter 1: The 2006 Companies Act amendments

Question 1: Do you agree with the proposal that the prescribed constitutional documents for RTM companies should be amended to incorporate the new style and broad content of the model articles for private companies limited by guarantee introduced under the 2006 Companies Act? If not please say why.

Question 2: Do you agree that the amended articles should come into effect on 1 October 2009 and only be prescribed for RTM companies that are incorporated on or after that date? If not please say why.

Question 3: Do you agree that the objects of RTM companies should be restricted to those that currently appear in the prescribed memorandum of association for such companies? If not please say why other objects should be included.

Question 4 Do you agree that the amended version of the prescribed articles for RTM companies should retain the existing articles that deal with membership (4 to 13) and some of the articles (37 to 39) that deal with the votes of members? If not please say why.

Question 5: Please also indicate whether you think that there are any other provisions from the existing articles that should be retained. Please specify which ones and say why.

Question 6: Please indicate whether you think that there are any further provisions that should be included in the new articles for RTM companies? If so please give details.

Chapter 2: Further amendment to the prescribed articles

Question 7: Please indicate whether you agree with the proposal to alter the current article 39 (c) so that the immediate landlord will not be entitled to the vote of a residential unit held by a qualifying tenant who is not a member of the RTM company? If not please give your reasons.

Question 8: Do you agree that any such amendment should come into effect on 1 October 2009 and only be included in the prescribed articles of RTM companies incorporated on or after that date? If not please give reasons.

Question 9: Do you think that there should be any further amendments to the existing articles (37 to 39) for RTM companies dealing with the votes of members that it is proposed to retain? If so please give details and reasons.

Annex B: Current prescribed memorandum and articles of association of RTM companies

MEMORANDUM OF ASSOCIATION

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

MEMORANDUM OF ASSOCIATION OF [NAME] RTM COMPANY LIMITED

1. The name of the company is "[name] RTM Company Limited".
2. The registered office of the Company will be situated in [*England and Wales*] [*Wales*].
3. The objects for which the Company is established are to acquire and exercise in accordance with the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act") the right to manage the premises known as [*name and address*] ("the Premises"). These objects shall not be restrictively construed but the widest interpretation shall be given to them.
4. In furtherance of the objects, but not otherwise, the Company shall have power to do all such things as may be authorised or required to be done by a RTM company by and under the 2002 Act, and in particular (but without derogation from the generality of the foregoing) -
 - (a) to prepare, make, pursue or withdraw a claim to acquire the right to manage the Premises;
 - (b) to exercise management functions under leases of the whole or any part of the Premises in accordance with sections 96 and 97 of the 2002 Act;
 - (c) to exercise functions in relation to the grant of approvals under long leases of the whole or any part of the Premises in accordance with sections 98 and 99 of the 2002 Act;
 - (d) in accordance with sections 100 and 101 of the 2002 Act, to monitor, keep under review, report to the landlord, and procure or enforce the performance by any person of the terms of any covenant, undertaking, duty or obligation in any way connected with or affecting the Premises or any of its occupants;
 - (e) to negotiate for and make applications for the variation of leases pursuant to Part 4 of the Landlord and Tenant Act 1987 ("the 1987 Act");

(f) to do such other things and to perform such other functions in relation to the Premises or any leases of the whole or any part of the Premises as may be agreed from time to time with the landlord or landlords or any other parties to the leases, as the case may be;

(g) to provide and maintain services and amenities of every description in relation to the Premises; to maintain, repair, renew, redecorate, repaint and clean the Premises; and to cultivate, maintain, landscape and plant any land, gardens and grounds comprised in the Premises;

(h) to enter into contracts with builders, decorators, cleaners, tenants, contractors, gardeners, or any other person; to consult and retain any professional advisers and to employ any staff and managing or other agents; and to pay, reward or remunerate in any way any person supplying goods or services to the Company;

(i) to make any appropriate or consequential agreements or arrangements for the right to manage the Premises to cease to be exercisable by the Company;

(j) to issue and receive any notice, counter-notice, consent or other communication and to enter into any correspondence concerning or in any way affecting the Premises, the management of the Premises, the occupants of the Premises, the Company, any of its activities, or any of its members;

(k) to commence, pursue, defend or participate in any application to, or other proceeding before, any court or tribunal of any description;

(l) to insure the Premises or any other property of the Company or in which it has an interest against damage or destruction and such other risks as may be considered necessary, appropriate or desirable and to insure the Company and its directors, officers or auditors against public liability and any other risks which it may consider prudent or desirable to insure against;

(m) to collect in or receive monies from any person on account of service charges, administration charges and other charges in relation to the Premises and, where required by law to do so, to hold, invest and deal with the monies in accordance with the provisions of the 1987 Act and any regulations or orders made under that Act from time to time;

(n) to establish, undertake and execute any trusts which may lawfully be, or which are required by law to be, established, undertaken or executed by the Company;

(o) to establish and maintain capital reserves, management funds and any form of sinking fund in order to pay, or contribute towards, all fees, costs and other expenses incurred in the implementation of the Company's objects;

(p) to invest any money of the Company in the United Kingdom by depositing it at interest with any financial institution with which a trust fund of service charge contributions might be held in accordance with the 1987 Act; or to invest it in such other manner (including the purchase of securities and other investments) as the Company in general meeting may authorise from time to time; and to hold, sell or otherwise dispose of any such investments;

(q) subject to any limitations or conditions imposed by the Company in general meeting from time to time, to lend and advance money or give credit on any terms,

with or without security to any person; to enter into guarantees, contracts of indemnity and suretyship of all kinds; to receive money on deposit or loan upon any terms; and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person;

(r) subject to any limitations or conditions imposed by the Company in general meeting from time to time, to borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or part of the Company's property or assets (whether present or future) and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it;

(s) to operate bank accounts and to draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, debentures and other negotiable or transferable instruments;

(t) to pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person to pay such expenses;

(u) with the consent of the Company in general meeting, to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors of, or who are or have been employed by, or who are serving or have served the Company and to the spouses, surviving spouses, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any such persons and of their spouses, surviving spouses, children and other relatives and dependants;

(v) to monitor and determine for the purpose of voting, or for any other purpose, the physical dimensions of the Premises and any part or parts of the Premises and to take or obtain any appropriate measurements;

(w) to enter into any agreements or arrangements with any government or authority (central, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable, and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions;

(x) to do all things specified for the time being in the articles of association of the Company;

(y) to do or procure or arrange for the doing of all or any of the things or matters mentioned above in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others; and

(z) to do all such other lawful things as may be incidental or conducive to the pursuit or attainment of the Company's objects.

5. The income of the Company, from wherever derived, shall be applied solely in promoting the Company's objects, and, save on a winding up of the Company, no distribution shall be made to its members in cash or otherwise.

6. The liability of the members is limited.

7. Every member of the Company undertakes to contribute such amount as may be required, not exceeding £1, to the assets of the Company in the event of the Company being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges, and expenses of winding up the Company, and for the adjustment of the rights of the contributories among themselves.

8. If, on the winding up of the Company, there remains any surplus after the satisfaction of all its debts and liabilities, the surplus shall be paid to or distributed among the members of the Company.

9. In this Memorandum, references to an Act include any statutory modification or re-enactment of the Act for the time being in force.

We, the subscribers to this memorandum of association, wish to be formed into a company pursuant to this memorandum.

Names and addresses of subscribers:

Dated

Witness to the above signatures

PART 2
ARTICLES OF ASSOCIATION

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION OF [NAME] RTM COMPANY LIMITED

INTERPRETATION

1. In these articles -

"the Companies Act" means the Companies Act 1985;

"the 2002 Act" means the Commonhold and Leasehold Reform Act 2002;

"address", in relation to electronic communications, includes any number or address used for the purposes of such communications;

"clear days", in relation to a period of notice, means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"communication" and "electronic communication" have the same meaning as in the Electronic Communications Act 2000;

"the Company" means [name] RTM Company Limited;

"immediate landlord", in relation to a unit in the Premises, means the person who -
 (a) if the unit is subject to a lease, is the landlord under the lease; or

(b) if the unit is subject to two or more leases, is the landlord under whichever of the leases is inferior to the others;

"the Premises" means [*name and address*];

"residential unit" means a flat or any other separate set of premises which is constructed or adapted for use for the purposes of a dwelling;

"registered office" means the registered office of the Company;

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

2. Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Companies Act.

3. In these articles, references to an Act shall include any statutory modification or re-enactment of the Act for the time being in force.

MEMBERS

4. Subject to the following articles, the subscribers to the Memorandum of Association of the Company, and such other persons as are admitted to membership in accordance with these articles shall be members of the Company. Membership of the Company shall not be transferable.

5. No person shall be admitted to membership of the Company unless that person, whether alone or jointly with others, is -

(a) a qualifying tenant of a flat contained in the Premises as specified in section 75 of the 2002 Act; or

(b) from the date upon which the Company acquires the right to manage the Premises pursuant to the 2002 Act, a landlord under a lease of the whole or any part of the Premises.

6. A person who, together with another or others, is to be regarded as jointly being the qualifying tenant of a flat, or as jointly constituting the landlord under a lease of the whole or any part of the Premises, shall, once admitted, be regarded as jointly being a member of the Company in respect of that flat or lease (as the case may be).

7. Every person who is entitled to be, and who wishes to become a member of the Company, shall deliver to the Company an application for membership executed by him in the following form (or in a form as near to the following form as circumstances allow or in any other form which is usual or which the directors may approve) -

To the Board of [name of Company]

I, [name]

of [address]

am a qualifying tenant of [address of flat] and wish to become a member of [name of Company] subject to the provisions of the Memorandum and Articles of Association of the Company and to any Rules made under those Articles. I agree to pay to the Company an amount of up to £1 if the Company is wound up while I am a member or for up to 12 months after I have ceased to be a member.

Signed

Dated

8. Applications for membership by persons who are to be regarded as jointly being the qualifying tenant of a flat, or who jointly constitute the landlord under a lease of the whole or any part of the Premises, shall state the names and addresses of all others who are jointly interested with them, and the order in which they wish to appear on the register of members in respect of such flat or lease (as the case may be).

9. The directors shall, upon being satisfied as to a person's application and entitlement to membership, register such person as a member of the Company.

10. Upon the Company becoming an RTM company in relation to the Premises, any of the subscribers to the Memorandum of Association who do not also satisfy the requirements for membership set out in article 5 above shall cease to be members of the Company with immediate effect. Any member who at any time ceases to satisfy those requirements shall also cease to be a member of the Company with immediate effect.

11. If a member (or joint member) dies or becomes bankrupt, his personal representatives or trustee in bankruptcy will be entitled to be registered as a member (or joint member as the case may be) upon notice in writing to the Company.

12. A member may withdraw from the Company and thereby cease to be a member by giving at least seven clear days' notice in writing to the Company. Any such notice shall not be effective if given in the period beginning with the date on which the Company gives notice of its claim to acquire the right to manage the Premises and ending with the date which is either -

(a) the acquisition date in accordance with section 90 of the 2002 Act; or

(b) the date of withdrawal or deemed withdrawal of that notice in accordance with sections 86 or 87 of that Act.

13. If, for any reason -

(a) a person who is not a member of the Company becomes a qualifying tenant or landlord jointly with persons who are members of the Company, but fails to apply for membership within 28 days, or

(b) a member who is a qualifying tenant or landlord jointly with such persons dies or becomes bankrupt and his personal representatives or trustee in bankruptcy do not apply for membership within 56 days pursuant to article 11, or

(c) a member who is a qualifying tenant or landlord jointly with such persons resigns from membership pursuant to article 12,

those persons shall, unless they are otherwise entitled to be members of the Company by reason of their interest in some other flat or lease, also cease to be members of the Company with immediate effect. All such persons shall, however, be entitled to re-apply for membership in accordance with articles 7 to 9.

GENERAL MEETINGS

14. All general meetings, other than annual general meetings, shall be called extraordinary general meetings.

15. The directors may call general meetings and, on the requisition of members pursuant to the provisions of the Companies Act, shall forthwith (and in any event within twenty-one days) proceed to convene an extraordinary general meeting for a date not more than twenty-eight days after the date of the notice convening the meeting. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or any member of the Company may call a general meeting.

16. All general meetings shall be held at the Premises or at such other suitable place as is near to the Premises and reasonably accessible to all members.

NOTICE OF GENERAL MEETINGS

17. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed,

(a) in the case of an annual general meeting, by all the members entitled to attend and vote; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being a majority together holding not less than ninety-five per cent of the total voting rights at the meeting of all the members.

18. The notice shall specify the time and place of the meeting and, in the case of an annual general meeting, shall specify the meeting as such.

19. The notice shall also include or be accompanied by a statement and explanation of the general nature of the business to be transacted at the meeting.

20. Subject to the provisions of these articles, the notice shall be given to all the members and to the directors and auditors.

21. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

22. No business shall be transacted at any general meeting unless it was included in the notice convening the meeting in accordance with article 19.

23. No business shall be transacted at any general meeting unless a quorum is present. The quorum for the meeting shall be 20 per cent of the members of the Company entitled to vote upon the business to be transacted, or two members of the Company so entitled (whichever is the greater) present in person or by proxy.

24. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine.

25. The chairman, if any, of the board of directors or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) is present within fifteen minutes after the time

appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.

26. If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be chairman.

27. A director shall, notwithstanding that he is not a member, be entitled to attend, speak and propose (but, subject to article 33, not vote upon) a resolution at any general meeting of the Company.

28. The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting if the adjournment had not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.

29. A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded -

(a) by the chairman; or

(b) by at least two members having the right to vote at the meeting; or

(c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting;

and a demand by a person as proxy for a member shall be the same as a demand by the member.

30. Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

31. The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

32. A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

33. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a casting vote in addition to any other vote he may have.

34. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or

at such time and place as the chairman directs, not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

35. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

36. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in the like form each executed by or on behalf of one or more members.

VOTES OF MEMBERS

37. On a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, shall have one vote and on a poll, each member shall have the number of votes determined in accordance with articles 38 to 40.

38. If there are no landlords under leases of the whole or any part of the Premises who are members of the Company, then one vote shall be available to be cast in respect of each flat in the Premises. The vote shall be cast by the member who is the qualifying tenant of the flat.

39. At any time at which there are any landlords under leases of the whole or any part of the Premises who are members of the Company, the votes available to be cast shall be determined as follows -

(a) there shall first be allocated to each residential unit in the Premises the same number of votes as equals the total number of members of the Company who are landlords under leases of the whole or any part of the Premises. Landlords under a lease who are regarded as jointly being a member of the Company shall be counted as one member for this purpose;

(b) if at any time the Premises includes any non-residential part, a total number of votes shall be allocated to that part as shall equal the total number of votes allocated to the residential units multiplied by a factor of A/B , where A is the total internal floor area of the non-residential parts and B is the total internal area of all the residential parts. Internal floor area shall be determined in accordance with paragraph 1(4) of Schedule 6 to the 2002 Act. Calculations of the internal floor area shall be measured in square metres, fractions of floor area of less than half a square metre shall be ignored and fractions of floor area in excess of half a square metre shall be counted as a whole square metre;

(c) the votes allocated to each residential unit shall be entitled to be cast by the member who is the qualifying tenant of that unit, or if there is no member who is a qualifying tenant of the unit, by the member who is the immediate landlord;

(d) the votes allocated to any non-residential part included in the Premises shall be entitled to be cast by the immediate landlord of that part, or where there is no lease of a non-residential part, by the freeholder. Where there is more than one such

person, the total number of votes allocated to the non-residential part shall be divided between them in proportion to the internal floor area of their respective parts. Any resulting entitlement to a fraction of a vote shall be ignored;

(e) if a residential unit is not subject to any lease, no votes shall be entitled to be cast in respect of it;

(f) any person who is a landlord under a lease or leases of the whole or any part of the Premises and who is a member of the Company but is not otherwise entitled to any votes, shall be entitled to one vote.

40. In the case of any persons who are to be regarded as jointly being members of the Company, any such person may exercise the voting rights to which such members are jointly entitled, but where more than one such person tenders a vote, whether in person or by proxy, the vote of the senior shall be accepted to the exclusion of the votes of the others, and seniority shall be determined by the order in which the names of such persons appear in the register of members in respect of the flat or lease (as the case may be) in which they are interested.

41. The Company shall maintain a register showing the respective entitlements of each of its members to vote on a poll at any meeting of the Company.

42. Any objection to the qualification of any voter or to the computation of the number of votes to which he is entitled that is raised in due time at a meeting or adjourned meeting shall be referred to the chairman of the meeting, whose decision shall, for all purposes relating to that meeting or adjourned meeting, be final and conclusive. Subject to that, any dispute between any member and the Company or any other member, that arises out of the member's contract of membership and concerns the measurement of floor areas, shall be referred for determination by an independent chartered surveyor selected by agreement between the parties or, in default, by the President of the Royal Institution of Chartered Surveyors. Such independent chartered surveyor shall, in determining the measurements of the floor areas in question, act as an expert and not as an arbitrator and his decision shall be final and conclusive. The Company shall be responsible to such surveyor for payment of his fees and expenses, but he shall have the power, in his absolute discretion, to direct that some or all of such fees and expenses shall be reimbursed by the member(s) in question to the Company, in which event such monies shall be paid by the member(s) to the Company forthwith.

43. A member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person, authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the registered office, or at such other place as is specified in accordance with these articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

44. On a poll votes may be given either personally or by proxy. A member may appoint more than one proxy to attend on the same occasion.

45. An instrument appointing a proxy shall be writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near to the following form as

circumstances allow or in any other form which is usual or which the directors may approve) -

[Name of Company]

[Name of member(s)], of [address], being a member/members of the above-named company, hereby appoint [name] of [address], or failing him, [name] of [address], as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the company to be held on [date], and at any adjournment of the meeting.

Signed on [date]

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

[Name of Company]

[Name of member(s)], of [address], being a member/members of the above-named company, hereby appoint [name] of [address], or failing him [name] of [address], as my/our proxy to vote in my/our name[s] and on my/our behalf at the annual/extraordinary general meeting of the company, to be held on [date], and at any adjournment of the meeting.

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

Resolution No. 1 [for] [against]

Resolution No. 2 [for] [against]

[Strike out whichever is not desired]

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

Signed on [date]

47. The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may -

(a) in the case of an instrument in writing, be deposited at the registered office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) in the case of an appointment contained in an electronic communication, where an address has been specified for the purpose of receiving electronic communications -

(i) in the notice convening the meeting, or

(ii) in any instrument of proxy sent out by the Company in relation to the meeting, or

(iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting,

be received at such address not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote;

(c) in the case of a poll taken more than 48 hours after it is demanded, be deposited or received as mentioned in paragraph (a) or (b) after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(d) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited, delivered or received in a manner permitted by this article shall be invalid.

48. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll unless notice of the termination was received by the Company at the registered office or at such other place at which the instrument of proxy was duly deposited or, where the appointment of the proxy was contained in an electronic communication, at the address at which such appointment was duly received before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

QUALIFICATION OF DIRECTORS

49. A director need not be a member of the Company.

NUMBER OF DIRECTORS

50. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two.

APPOINTMENT AND REMOVAL OF DIRECTORS

51. At the first annual general meeting, all of the directors shall retire from office, and at every subsequent annual general meeting one-third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but if there is only one director who is subject to retirement by rotation, he shall retire.

52. Subject to the provisions of the Companies Act, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or who were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

53. If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed 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.

54. A person other than a director retiring by rotation shall not be appointed or reappointed as a director at any general meeting unless -

(a) he is recommended by the directors; or

(b) not less than fourteen nor more than thirty-five clear days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed.

55. Not less than seven nor more than twenty-eight clear days before the date appointed for holding a general meeting, notice shall be given to all who are entitled to receive notice of the meeting of any person who is recommended by the directors for appointment or reappointment as a director at the meeting or in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or reappointment as a director. The notice shall give the particulars of that person which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors.

56. Subject to articles 51 to 55, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy, or as an additional director and may also determine the rotation in which any additional directors are to retire.

57. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the articles as the maximum number of directors. A director so appointed shall hold office only until the next following annual general meeting. If not reappointed at such annual general meeting, he shall vacate office at the conclusion thereof.

58. Subject to those articles, a director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

ALTERNATE DIRECTORS

59. Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the directors and willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.

60. An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the director appointing him is not personally present and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his service as an alternate director. It shall not be necessary to give notice of such a meeting to an alternate director who is absent from the United Kingdom unless he has given to the Company an address to which notices may be sent using electronic communications.

61. An alternate director shall cease to be an alternate director if his appointor ceases to be a director. If a director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.

62. Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors.

63. Except where otherwise provided in these articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

64. The office of a director shall be vacated if -

(a) he ceases to be a director by virtue of any provision of the Companies Act or he becomes prohibited by law from being a director; or

(b) he becomes bankrupt and shall continue to be disqualified from acting as a director whilst he remains undischarged from his bankruptcy, or makes any arrangement or composition with his creditors generally; or

(c) he is, or may be, suffering from mental disorder and either -

(i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or

(ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

(d) having been a member of the Company, he ceases to be a member of the Company; or

(e) he resigns his office by notice to the Company; or

(f) he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated.

POWERS OF DIRECTORS

65. Subject to the provisions of the Companies Act, the memorandum and these articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this article shall not be limited by any special power given to the directors by these articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

66. 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.

DELEGATION OF DIRECTORS' POWERS

67. The directors may delegate any of their powers to any committee consisting of one or more directors, members of the Company and others as they shall think fit. The majority of the members of any such committee from time to time shall be members of the Company. The directors may also delegate to any managing director, or any director holding any other executive office, such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either

collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, 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.

REMUNERATION OF DIRECTORS

68. Except with the consent of the Company in general meeting, the directors shall not be entitled to any remuneration. Any resolution giving such consent shall specify the amount of remuneration to be paid to the directors, and unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

69. The directors may be paid all expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings of the Company or otherwise in connection with the discharge of their duties.

DIRECTORS' APPOINTMENTS AND INTERESTS

70. Subject to the provisions of the Companies Act, and provided that the terms of any such appointment, agreement or arrangement have been approved in advance by the Company, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the Company and may enter into an agreement or arrangement with any director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a director. Any appointment of a director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.

71. Subject to the provisions of the Companies Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office -

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

72. For the purposes of article 71 -

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

DIRECTORS' GRATUITIES AND PENSIONS

73. The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

PROCEEDINGS OF DIRECTORS

74. Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom unless he has given to the Company an address to which notices may be sent using electronic communications. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

75. The quorum for the transaction of the business of the directors may be fixed by the directors and, unless so fixed at any other greater number, shall be the greater of 50 per cent of the number of appointed directors for the time being, or two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. A person who holds office both as a director and as an alternate director shall only be counted once in the quorum.

76. The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, the continuing director may act only for the purpose of filling vacancies or of calling a general meeting.

77. The directors may appoint one of their number to be the chairman of the board of directors and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within fifteen minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

78. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

79. 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 effectual 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 and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.

80. A director who is not a member of the Company shall not vote at a meeting of

directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. For the purposes of this article, an interest of a person who is, for any purpose of the Companies Act, connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

81. A director who is a member of the Company may vote at any meeting of directors or of any committee of directors of which he is a member notwithstanding that it in any way concerns or relates to a matter in which he has any interest whatsoever, directly or indirectly, and if he votes on such a resolution, his vote shall be counted; and, in relation to any such resolution, he shall (whether or not he votes on it) be taken into account in calculating the quorum present at the meeting.

82. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive.

SECRETARY

83. Subject to the provisions of the Companies Act, the secretary shall be appointed by the directors for such terms, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them. The secretary may resign his office at any time by giving notice in writing to the Company.

MINUTES

84. The directors shall cause minutes to be made in books kept for the purpose -

- (a) of all appointments of officers made by the directors; and
- (b) of all proceedings at meetings of the Company, of members and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

NO DISTRIBUTION OF PROFITS

85. Except in the case of a winding up, the Company shall not make any distribution to its members of its profits or assets, whether in cash or otherwise.

WINDING UP

86. If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act, divide among the members the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, determines but no member shall be compelled to accept any asset upon which there is a liability.

INSPECTION AND COPYING OF BOOKS AND RECORDS

87. In addition to, and without derogation from, any right conferred by statute, any member shall have the right, on reasonable notice, at such time and place as shall be convenient to the Company, to inspect, and to be provided with a copy of, any book, minute, document or accounting record of the Company, upon payment of any reasonable charge for

copying. Such rights shall be subject to any resolution of the Company in general meeting, and, in the case of any book, minute, document or accounting record which the directors reasonably consider contains confidential material, the disclosure of which would be contrary to the interests of the Company, to the exclusion or excision of such confidential material (the fact of such exclusion or excision being disclosed to the member), and to any other reasonable conditions that the directors may impose.

NOTICES

88. Any notice to be given to or by any person pursuant to these articles shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice. A notice calling a meeting of the directors need not be in writing or given using electronic communications if there is insufficient time to give such notice having regard to the urgency of the business to be conducted at the meeting.

89. The Company may give any notice to a member either personally or by sending it by first class post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by giving it using electronic communications in accordance with any of the methods described in subsections (4A)-(4D) of section 369 of the Companies Act. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him, or an address to which notices may be sent by electronic communications, shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.

90. A member present, either in person or by proxy, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

91. Proof that an envelope containing a notice was properly addressed, prepaid and posted by first class post shall be conclusive evidence that the notice was given. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.

92. A notice sent by first class post shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted. A notice contained in an electronic communication sent in accordance with section 369(4A) of the Companies Act shall be deemed to be given at the expiration of 48 hours after the time it was sent. A notice contained in an electronic communication given in accordance with section 369(4B) of the Companies Act shall be deemed to be given when treated as having been so given in accordance with that subsection.

INDEMNITY

93. Subject to the provisions of the Companies Act, and in particular section 310 of that Act -

(a) without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any losses or liabilities which he may sustain or incur in or about, or otherwise in relation to, the execution of the duties of his office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the

affairs of the Company; and

(b) no director or other officer shall be liable for any loss, damage or other misfortune which may happen to or be incurred by the Company in, or in relation to, the execution of the duties of his office.

94. The directors shall have power to purchase and maintain for any director, officer or auditor of the Company, insurance against any such liability as is referred to in section 310(1) of the Companies Act.

RULES OR BYE-LAWS

95. The directors may from time to time make such rules or bye-laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Company. Any such rules or bye-laws shall not be inconsistent with the Memorandum and these articles and may, in particular (but without prejudice to the generality of the directors' powers), regulate -

(a) the conduct of the members of the Company in relation to one another and to the Company and the Company's servants;

(b) the procedure at general meetings and meetings of the directors and committees of the directors of the Company in so far as such procedure is not regulated by these articles.

96. The Company in general meeting shall have power to alter, repeal or add to any such rules or bye-laws and the directors shall adopt such means as they deem sufficient to bring to the notice of the members of the Company any such rules or bye-laws, which so long as they shall be in force, shall be binding on all members of the Company.

Names and Addresses of Members:

[list names and addresses of members]

Annex C: Model articles for Private Companies Limited by Guarantee under 2006 Companies Act

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Part 1 Interpretation and Limitation of Liability

Defined terms

1

In the articles, unless the context requires otherwise—

“articles” means the company's articles of association;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 25;

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

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

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

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

“member” has the meaning given in section 112 of the Companies Act 2006;

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

“participate”, in relation to a directors' meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 31;

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

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006; and

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

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

Liability of members

2

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

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

Part 2 Directors

Directors' Powers and Responsibilities

Directors' general authority

3

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

Members' reserve power

4

- (1) The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- (2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

5

- (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.

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

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

Committees

6

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

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

Decision-Making by Directors

Directors to take decisions collectively

7

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

(2) If—

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

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

Unanimous decisions

8

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

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

9

(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

- (2) Notice of any directors' meeting must indicate—
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

10

- (1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for directors' meetings

11

- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the members to appoint further directors.

Chairing of directors' meetings

12

- (1) The directors may appoint a director to chair their meetings.

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

Casting vote

13

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

Conflicts of interest

14

- (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- (2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- (3) This paragraph applies when—
 - (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
 - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the director's conflict of interest arises from a permitted cause.
- (4) For the purposes of this article, the following are permitted causes—
 - (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
 - (b) subscription, or an agreement to subscribe, for securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such securities; and
 - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.
- (5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- (6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or

quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

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

Records of decisions to be kept

15

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

Directors' discretion to make further rules

16

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

Appointment of Directors

Methods of appointing directors

17

(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

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

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

Termination of director's appointment

18

A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

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

(f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

19

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

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

(a) for their services to the company as directors, and

(b) for any other service which they undertake for the company.

(3) Subject to the articles, a director's remuneration may—

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

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

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

Directors' expenses

20

The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

(a) meetings of directors or committees of directors,

(b) general meetings, or

(c) separate meetings of the holders of debentures of the company,

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

Part 3 Members

Becoming and Ceasing to be a Member

Applications for membership

21

No person shall become a member of the company unless—

- (a) that person has completed an application for membership in a form approved by the directors, and
- (b) the directors have approved the application.

Termination of membership**22**

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

Organisation of General Meetings**Attendance and speaking at general meetings****23**

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when—
 - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings**24**

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

Chairing general meetings

25

- (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—
 - (a) the directors present, or
 - (b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

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

Attendance and speaking by directors and non-members

26

- (1) Directors may attend and speak at general meetings, whether or not they are members.
- (2) The chairman of the meeting may permit other persons who are not members of the company to attend and speak at a general meeting.

Adjournment

27

- (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—
 - (a) the meeting consents to an adjournment, or
 - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must—
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

- (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at General Meetings

Voting: general

28

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

Errors and disputes

29

- (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting whose decision is final.

Poll votes

30

- (1) A poll on a resolution may be demanded—
 - (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by—
 - (a) the chairman of the meeting;
 - (b) the directors;
 - (c) two or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if—
 - (a) the poll has not yet been taken, and
 - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

Content of proxy notices

31

- (1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—
 - (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

32

- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

Amendments to resolutions

33

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

(a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

(b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

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

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

Part 4 Administrative Arrangements

Means of communication to be used

34

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

(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

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

Company seals

35

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

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

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

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

(a) any director of the company;

(b) the company secretary (if any); or

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

No right to inspect accounts and other records

36

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

Provision for employees on cessation of business

37

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

Directors' Indemnity and Insurance

Indemnity

38

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

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article—

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

Insurance

39

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

(2) In this article—

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

Annex D: Proposed new draft articles for RTM Companies

Company Limited by Guarantee and not having a Share Capital

Company objects of [*Name*] RTM Company Limited

1 The name of the company is "[*name*] RTM Company Limited".

2 The registered office of the Company will be situated in [*England and Wales*] [*Wales*].

3 The objects for which the Company is established are to acquire and exercise in accordance with the Commonhold and Leasehold Reform Act 2002 ("the 2002 Act") the right to manage the premises known as [*name and address*] ("the Premises"). These objects shall not be restrictively construed but the widest interpretation shall be given to them.

4 In furtherance of the objects, but not otherwise, the Company shall have power to do all such things as may be authorised or required to be done by a RTM company by and under the 2002 Act, and in particular (but without derogation from the generality of the foregoing)--

- (a) to prepare, make, pursue or withdraw a claim to acquire the right to manage the Premises;
- (b) to exercise management functions under leases of the whole or any part of the Premises in accordance with sections 96 and 97 of the 2002 Act;
- (c) to exercise functions in relation to the grant of approvals under long leases of the whole or any part of the Premises in accordance with sections 98 and 99 of the 2002 Act;
- (d) in accordance with sections 100 and 101 of the 2002 Act, to monitor, keep under review, report to the landlord, and procure or enforce the performance by any person of the terms of any covenant, undertaking, duty or obligation in any way connected with or affecting the Premises or any of its occupants;
- (e) to negotiate for and make applications for the variation of leases pursuant to Part 4 of the Landlord and Tenant Act 1987 ("the 1987 Act");
- (f) to do such other things and to perform such other functions in relation to the Premises or any leases of the whole or any part of the Premises as may be agreed from time to time with the landlord or landlords or any other parties to the leases, as the case may be;
- (g) to provide and maintain services and amenities of every description in relation to the Premises; to maintain, repair, renew, redecorate, repaint and clean the Premises; and to cultivate, maintain, landscape and plant any land, gardens and grounds comprised in the Premises;
- (h) to enter into contracts with builders, decorators, cleaners, tenants, contractors, gardeners, or any other person; to consult and retain any professional advisers and to employ any staff and managing or other agents; and to pay, reward or remunerate in any way any person supplying goods or services to the Company;
- (i) to make any appropriate or consequential agreements or arrangements for the right to manage the Premises to cease to be exercisable by the Company;

- (j) to issue and receive any notice, counter-notice, consent or other communication and to enter into any correspondence concerning or in any way affecting the Premises, the management of the Premises, the occupants of the Premises, the Company, any of its activities, or any of its members;
- (k) to commence, pursue, defend or participate in any application to, or other proceeding before, any court or tribunal of any description;
- (l) to insure the Premises or any other property of the Company or in which it has an interest against damage or destruction and such other risks as may be considered necessary, appropriate or desirable and to insure the Company and its directors, officers or auditors against public liability and any other risks which it may consider prudent or desirable to insure against;
- (m) to collect in or receive monies from any person on account of service charges, administration charges and other charges in relation to the Premises and, where required by law to do so, to hold, invest and deal with the monies in accordance with the provisions of the 1987 Act and any regulations or orders made under that Act from time to time;
- (n) to establish, undertake and execute any trusts which may lawfully be, or which are required by law to be, established, undertaken or executed by the Company;
- (o) to establish and maintain capital reserves, management funds and any form of sinking fund in order to pay, or contribute towards, all fees, costs and other expenses incurred in the implementation of the Company's objects;
- (p) to invest any money of the Company in the United Kingdom by depositing it at interest with any financial institution with which a trust fund of service charge contributions might be held in accordance with the 1987 Act; or to invest it in such other manner (including the purchase of securities and other investments) as the Company in general meeting may authorise from time to time; and to hold, sell or otherwise dispose of any such investments;
- (q) subject to any limitations or conditions imposed by the Company in general meeting from time to time, to lend and advance money or give credit on any terms, with or without security to any person; to enter into guarantees, contracts of indemnity and suretyship of all kinds; to receive money on deposit or loan upon any terms; and to secure or guarantee in any manner and upon any terms the payment of any sum of money or the performance of any obligation by any person;
- (r) subject to any limitations or conditions imposed by the Company in general meeting from time to time, to borrow and raise money in any manner and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, standard security, lien or other security upon the whole or part of the Company's property or assets (whether present or future) and also by a similar mortgage, charge, standard security, lien or security to secure and guarantee the performance by the Company of any obligation or liability it may undertake or which may become binding on it;
- (s) to operate bank accounts and to draw, make, accept, endorse, discount, negotiate, execute and issue cheques, bills of exchange, promissory notes, debentures and other negotiable or transferable instruments;
- (t) to pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company, or to contract with any person to pay such expenses;
- (u) with the consent of the Company in general meeting, to give or award pensions, annuities, gratuities, and superannuation or other allowances or benefits or charitable aid and generally to provide advantages, facilities and services for any persons who are or have been directors of, or who are or have been employed by, or who are serving or have served the Company and to the spouses, surviving spouses, children and other relatives and dependants of such persons; to make payments towards insurance; and to set up, establish, support and maintain superannuation and other funds or schemes (whether contributory or non-contributory) for the benefit of any such persons and of their spouses, surviving spouses, children and other relatives and dependants;

- (v) to monitor and determine for the purpose of voting, or for any other purpose, the physical dimensions of the Premises and any part or parts of the Premises and to take or obtain any appropriate measurements;
- (w) to enter into any agreements or arrangements with any government or authority (central, municipal, local, or otherwise) that may seem conducive to the attainment of the Company's objects, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable, and to carry out, exercise, and comply with any such charters, decrees, rights, privileges, and concessions;
- (x) to do all things specified for the time being in the articles of association of the Company;
- (y) to do or procure or arrange for the doing of all or any of the things or matters mentioned above in any part of the world and either as principals, agents, contractors or otherwise, and by or through agents, brokers, sub-contractors or otherwise and either alone or in conjunction with others; and
- (z) to do all such other lawful things as may be incidental or conducive to the pursuit or attainment of the Company's objects.

The income of the Company, from wherever derived, shall be applied solely in promoting the Company's objects, and, save on a winding up of the Company, no distribution shall be made to its members in cash or otherwise.

MODEL ARTICLES FOR RIGHT TO MANAGE COMPANIES

Part 1

Interpretation and Limitation of Liability

Defined terms

1 In the articles, unless the context requires otherwise--

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

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

"chairman" has the meaning given in article 12;

"chairman of the meeting" has the meaning given in article 33;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

"director" means a director of the company, and includes any person occupying the position of director, by whatever name called;

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

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

"immediate landlord" in relation to a unit in the Premises, means the person who--

(a) if the unit is subject to a lease, is the landlord under the lease; or

(b) if the unit is subject to two or more leases, is the landlord under whichever of the leases is inferior to the others;

"member" has the meaning given in section 112 of the Companies Act 2006;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"participate", in relation to a directors' meeting, has the meaning given in article 10;

"the Premises" means [name and address];

"proxy notice" has the meaning given in article 42;

"residential unit" means a flat or any other separate set of premises which is constructed or adapted for use for the purposes of a dwelling;

"RTM company" (Right to Manage company) has the meaning given in section 73 of the Commonhold and Leasehold Reform Act 2002

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006; and

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

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

Liability of members

2 The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year after he ceases to be a member, for--

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

Part 2

Directors

Directors' Powers and Responsibilities

Directors' general authority

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

Members' reserve power

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

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

Directors may delegate

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

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

as they think fit.

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

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

Committees

- 6** (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

Decision-Making by Directors

Directors to take decisions collectively

- 7** (1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- (2) If--
- (a) the company only has one director, and
 - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

- 8** (1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

- 9** (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must indicate--
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

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

Participation in directors' meetings

- 10** (1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when--
- (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for directors' meetings

- 11** (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision--
- (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the members to appoint further directors.

Chairing of directors' meetings

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

Casting vote

- 13** (1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Conflicts of interest

14 (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when--

(a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;

(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes--

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

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

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

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

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

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

Records of decisions to be kept

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

Directors' discretion to make further rules

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

Appointment of Directors

Methods of appointing directors

17 (1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director--

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

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

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

Termination of director's appointment

18 A person ceases to be a director as soon as--

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

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

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

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

(3) Subject to the articles, a director's remuneration may--

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

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

Directors' expenses

20 The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at--

- (a) meetings of directors or committees of directors,
- (b) general meetings, or
- (c) separate meetings of the holders of debentures of the company,

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

Part 3

Becoming and ceasing to become a member

Members

21 Applications for membership

No person shall become a member of the company unless—

- (a) that person has completed an application for membership in a form approved by the directors, and
- (b) the directors have approved the application.

22 No person shall be admitted to membership of the Company unless that person, whether alone or jointly with others, is--

- (a) a qualifying tenant of a flat contained in the Premises as specified in section 75 of the 2002 Act; or
- (b) from the date upon which the Company acquires the right to manage the Premises pursuant to the 2002 Act, a landlord under a lease of the whole or any part of the Premises.

23 Membership of the Company shall not be transferable.

24 A person who, together with another or others, is to be regarded as jointly being the qualifying tenant of a flat, or as jointly constituting the landlord under a lease of the whole or any part of the Premises, shall, once admitted, be regarded as jointly being a member of the Company in respect of that flat or lease (as the case may be).

25 Applications for membership by persons who are to be regarded as jointly being the qualifying tenant of a flat, or who jointly constitute the landlord under a lease of the whole or any part of the Premises, shall state the names and addresses of all others who are jointly interested with them, and the order in which they wish to appear on the register of members in respect of such flat or lease (as the case may be.)

26 The directors shall, upon being satisfied as to a person's application and entitlement to membership, register such person as a member of the Company.

27 A member who at any time fails to satisfy the requirements for membership set out in article 22 above shall cease to be a member of the Company with immediate effect.

28 If a member (or joint member) dies or becomes bankrupt, his personal representatives or trustee in bankruptcy will be entitled to be registered as a member (or joint member as the case may be) upon notice in writing to the Company.

29 A member may withdraw from the Company and thereby cease to be a member by giving at least seven clear days' notice in writing to the Company. Any such notice shall not be effective if given in the period beginning with the date on which the Company gives notice of its claim to acquire the right to manage the Premises and ending with the date which is either--

- (a) the acquisition date in accordance with section 90 of the 2002 Act; or
- (b) the date of withdrawal or deemed withdrawal of that notice in accordance with sections 86 or 87 of that Act.

30 If, for any reason--

- (a) a person who is not a member of the Company becomes a qualifying tenant or landlord jointly with persons who are members of the Company, but fails to apply for membership within 28 days, or
- (b) a member who is a qualifying tenant or landlord jointly with such persons dies or becomes bankrupt and his personal representatives or trustee in bankruptcy do not apply for membership within 56 days pursuant to article , or
- (c) a member who is a qualifying tenant or landlord jointly with such persons resigns from membership pursuant to article ,

those persons shall, unless they are otherwise entitled to be members of the Company by reason of their interest in some other flat or lease, also cease to be members of the Company with immediate effect. All such persons shall, however, be entitled to re-apply for membership in accordance with articles 21, 22 and 25.

Organisation of General Meetings

Attendance and speaking at general meetings

31 (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when--

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

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

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

Quorum for general meetings

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

Chairing general meetings

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

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start--

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

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

Attendance and speaking by directors and non-members

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

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

Adjournment

35 (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if--
 - (a) the meeting consents to an adjournment, or

- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must--
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)--
- (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at General Meetings

Voting: general

- 36** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.
- 37** If there are no landlords under leases of the whole or any part of the Premises who are members of the Company, then one vote shall be available to be cast in respect of each flat in the Premises. The vote shall be cast by the member who is the qualifying tenant of the flat.
- 38** At any time at which there are any landlords under leases of the whole or any part of the Premises who are members of the Company, the votes available to be cast shall be determined as follows--
- (a) there shall first be allocated to each residential unit in the Premises the same number of votes as equals the total number of members of the Company who are landlords under leases of the whole or any part of the Premises. Landlords under a lease who are regarded as jointly being a member of the Company shall be counted as one member for this purpose;
 - (b) if at any time the Premises includes any non-residential part, a total number of votes shall be allocated to that part as shall equal the total number of votes allocated to the residential units multiplied by a factor of A/B , where A is the total internal floor area of the non-residential parts and B is the total internal area of all the residential parts. Internal floor area shall be determined in accordance with paragraph 1(4) of Schedule 6 to the 2002 Act. Calculations of the internal floor area shall be measured in square metres, fractions of floor area of less than half a square metre shall be ignored and fractions of floor area in excess of half a square metre shall be counted as a whole square metre;
 - (c) the votes allocated to each residential unit shall be entitled to be cast by the member who is the qualifying tenant of that unit, or if there is no qualifying tenant of the unit, by the member who is the

immediate landlord. The immediate landlord will not be entitled to the vote of a residential unit held by a qualifying tenant who is not a member of the RTM Company;

- (d) the votes allocated to any non-residential part included in the Premises shall be entitled to be cast by the immediate landlord of that part, or where there is no lease of a non-residential part, by the freeholder. Where there is more than one such person, the total number of votes allocated to the non-residential part shall be divided between them in proportion to the internal floor area of their respective parts. Any resulting entitlement to a fraction of a vote shall be ignored;
- (e) if a residential unit is not subject to any lease, no votes shall be entitled to be cast in respect of it;
- (f) any person who is a landlord under a lease or leases of the whole or any part of the Premises and who is a member of the Company but is not otherwise entitled to any votes, shall be entitled to one vote.

39 In the case of any persons who are to be regarded as jointly being members of the Company, any such person may exercise the voting rights to which such members are jointly entitled, but where more than one such person tenders a vote, whether in person or by proxy, the vote of the senior shall be accepted to the exclusion of the votes of the others, and seniority shall be determined by the order in which the names of such persons appear in the register of members in respect of the flat or lease (as the case may be) in which they are interested.

Errors and disputes

40 (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

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

Poll votes

41 (1) A poll on a resolution may be demanded--

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by--

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

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

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

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

Content of proxy notices

- 42** (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which--
- (a) states the name and address of the member appointing the proxy;
 - (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as--
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

- 43** (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

Amendments to resolutions

- 44** (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if--
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if-
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

Part 4

Administrative Arrangements

Means of communication to be used

- 45** (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Company seals

- 46** (1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.
- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is--
- (a) any director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

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

Provision for employees on cessation of business

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

Directors' Indemnity and Insurance

Indemnity

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

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article--

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

Insurance

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

(2) In this article--

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

Annex E

Consultation process

This consultation document and consultation process have been planned to adhere to the code of practice on consultation issued by the Department for Business, Innovation and Skills and is in line with the seven consultation criteria, which are:

- formal consultation should take place at a stage when there is scope to influence the policy outcome
- consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible
- consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals
- consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach
- keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained
- consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation
- officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

Are you satisfied that this consultation has followed these criteria? If not or you have any other observations about how we can improve the process please contact:

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Zone 6/H10
Eland House
London SW1E 5DU
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