

Key Decision Required:	No	In the Forward Plan:	No
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PORTFOLIO HOLDER FOR HOUSING

30 AUGUST 2019

(Report prepared by Lisa Hastings and Peter Russell)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To authorise acceptance of the transfer of 40 Winterbourne Gardens, Elmstead Market to the Council as an Affordable Housing Dwelling and agree to acquiring a shareholding in Winterbourne Gardens Management Company Ltd (Company No. 11020940).

EXECUTIVE SUMMARY

Go Homes Limited (“the Developer”) submitted a planning application under reference number 15/00675/OUT and following the Council’s refusal, planning permission was granted for residential development of up to 32 dwellings on appeal by the Planning Inspector. As part of the Section 78 planning appeal process, a Section 106 Unilateral Undertaking (“UU”) dated 1st February 2016 was submitted for the development at Winterbourne Gardens, Elmstead which included the provision of Affordable Housing.

Affordable housing is the subject of the third schedule of the UU and provides for 25% of the dwellings to be constructed in accordance with an Affordable Housing Plan which was to be agreed with the Council. Where the Council indicates that it will not take a transfer of the Affordable Housing Dwellings, the Owners shall transfer a Dwelling for nil contribution to the Council.

The Affordable Housing Price was defined as 65% of market value. The Schedule contained additional obligations over the tenure and transfer of the dwellings.

Affordable Housing is defined as meaning “*housing provided to a Person in Housing Need whose needs are not met by the market with eligibility determined with regard to local incomes and local house prices and includes Affordable Rented Housing and/or Intermediate Affordable Housing*”. Persons in Housing Need are defined as “*a person or persons registered on the Council’s Housing Needs Register*”. Further definitions are contained within the UU.

The Affordable Housing Plan was received on 22nd December 2016. As stated the UU gave two options either the Council (not another registered provider) purchased 8 units at a discounted price or accepted a gifted unit for nil consideration. It was decided the latter option was more favourable to the Council due to the cost of purchasing the said 8 units at that time and uncertainty over finances. No further dwellings will be received or allocated as Affordable Housing on this site.

The property is due to be inspected and any transfer will not be completed until the Housing Service are satisfied with the property.

In accordance with the UU, the Transfer Deed to the Council should contain:

1. A requirement that the Affordable Housing Dwelling shall be occupied solely as Affordable Housing;
2. All rights of access and services and all other rights reasonably necessary for the beneficial use and enjoyment of the Affordable Housing Dwellings and for the purpose of the Development; and
3. Such other covenants and reservation as the Owners may reasonably require

differently. Negotiations are still on-going on this point however, should it not be possible to reach agreement on the Service Charge cap, it is anticipated that this figure will always be below the cost of using temporary accommodation and therefore, be cost effective.

The cost of Service Charge can be recharged to the secure tenant so long as they are reasonable charges and informed at the outset. It is unlikely that the charge will exceed the maximum covered by benefits, so as to ensure the rents are affordable for the tenants. In addition, the amount of Service Charge we recover through the tenancy agreement can be reviewed when there is a change to the costs incurred. Four weeks notice is provided of any increase or decrease in the Service Charge or other charges, therefore although the estimated Service Charge and actual amounts will not accord with the Council's annual rent setting, changes can be accommodated through providing notice.

RECOMMENDATION(S)

That the Portfolio Holder for Housing notes the contents of the report and approves:

- (i) Acceptance of the transfer of 40 Winterbourne Gardens, Elmstead Market to the Council as an Affordable Housing Dwelling; and
- (ii) acquiring a shareholding in Winterbourne Gardens Management Company Ltd (Company No. 11020940) with the official representative of the Council to be nominated by the Chief Executive.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Cabinet announced its emerging Corporate Plan and Priorities at its meeting in July, the content of this report helps to support Building Sustainable Communities for Future Generations and managing our own homes under Delivering Quality Services.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Under the Local Government and Housing Act 1989, s.76, local housing authorities are under a duty to prevent a debit balance on the Housing Revenue Account. This requires an authority to set and implement their rent levels to avoid such a debit. While this exercise does not necessarily require the setting of individual rents, as opposed to a global figure for rental income, it will necessarily have an impact on the levels of rent. The requirement in s.76 (6) is to review rent levels and take reasonably practicable steps, if it becomes apparent that a debit will arise on the H.R.A. This may also require authorities to implement a rent increase.

The current estimated Maintenance Expenses and Service Charge level has been assessed and will not have a negative impact on the HRA but it is important that these elements of the rent for the council dwelling are kept under review and the impact on the HRA is regularly assessed.

The secure tenancy of the property will be managed as part of the normal estate management responsibilities.

Risk

The risks and mitigation are set out within the body of the report.

Any parts of the form that are not typed should be completed in black ink and in block capitals.

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Leave blank if not yet registered.

When application for registration is made these title number(s) should be entered in panel 2 of Form AP1.

Insert address, including postcode (if any), or other description of the property transferred. Any physical exclusions, such as mines and minerals, should be defined.

Place 'X' in the appropriate box and complete the statement.

For example 'edged red'.

For example 'edged and numbered 1 in blue'.

Any plan lodged must be signed by the transferor.

Remember to date this deed with the day of completion, but not before it has been signed and witnessed.

Give full name(s) of all of the persons transferring the property.

Complete as appropriate where the transferor is a company.

Give full name(s) of all the persons to be shown as registered proprietors.

Complete as appropriate where the transferee is a company. Also, for an overseas company, unless an arrangement with HM Land Registry exists, lodge either a certificate in Form 7 in Schedule 3 to the Land Registration Rules 2003 or a certified copy of the constitution in English or Welsh, or other evidence permitted by rule 183 of the Land Registration Rules 2003.

1	Title number(s) out of which the property is transferred: EX493674
2	Other title number(s) against which matters contained in this transfer are to be registered or noted, if any:
3	<p>Property: 40 Winterbourne Gardens, Elmstead Market, Colchester, Essex, CO7 7FG</p> <p>The property is identified</p> <p><input checked="" type="checkbox"/> on the attached plan and shown: edged red on the plan marked Plan 2</p> <p><input type="checkbox"/> on the title plan(s) of the above titles and shown:</p>
4	Date: 2019
5	<p>Transferor: GO HOMES LIMITED</p> <p><u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: 05940268</p> <p><u>For overseas companies</u> (a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>
6	<p>Transferee for entry in the register: TENDRING DISTRICT COUNCIL</p> <p><u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix:</p> <p><u>For overseas companies</u> (a) Territory of incorporation:</p> <p>(b) Registered number in the United Kingdom including any prefix:</p>

"Essential Conduits" Sewers drains watercourses ditches pipes cables wires culverts or other channels or conductors for the passage of Essential Supplies for the benefit of the Development or adjoining land

"Essential Supplies" Water foul and surface effluent gas and electricity and telephone telecommunication television signals data transmission for the benefit of the Development or adjoining land

"the Management Company" Winterbourne Gardens Management Company Ltd incorporated and registered in England and Wales with company registration number 11020940 set up to manage, repair, maintain, replace, renew, inspect, survey, garden, insure, light and clean the Management Land, Essential Conduits, Essential Supplies, any entrance gates and any turning circles, within the Development and to collect the Service Charge

"Management Land" the Access and the Open Space

"Open Space" the area shaded green on Plan 1 and forming part of the Management Land.

"Plans" The plans attached to this Transfer and numbered 1 & 2

"Planning Permission" The planning permission for the Development ref APP/P1560/W/15/3136692, and all future planning agreements, permissions and or building regulations conditions relating to the Development granted to the Transferor together with the obligations set out in a Section 106 Agreement dated 1 February 2016 made between K A Gullen, L M Haycock, H Bibby and C Appleton (1) Go Homes Limited (2) Tendring District Council (3) and Essex County Council (4) and a Unilateral Undertaking between Go Homes Limited (1) Close Brothers Limited (2) and Essex County Council (3) dated 4 December 2017

"Retained Land" any part of the Development not forming a plot or Management Land and falling within Title Number EX493674

"Service Charge" a fair and reasonable proportion of the cost incurred in connection with the development facilities for the benefit of all plot owners and occupiers including (without limitation) the cost of managing, repairing, maintaining, replacing, renewing, inspecting, surveying, gardening, insuring, lighting and cleaning the Management Land, Essential Conduits, Essential Supplies, and any entrance gates and turning circle(s) within the Development together with any reasonable professional fees charged by any managing agent appointed by the Transferor and/or the Management Company to manage, repair, maintain, replace, renew, inspect, survey, garden, insure, light and clean the Management Land, Essential Conduits, Essential Supplies and any entrance gates and turning circle(s), within the Development carried out by the Transferor and/or The Management Company as they deem necessary in their absolute discretion

"Visitors Parking Spaces" the parking spaces marked with a V on Plan 1 (if any)

2. INTERPRETATION

Include words of covenant.

RIGHTS GRANTED FOR THE BENEFIT OF THE PROPERTY

4. The Property is transferred together with the following rights

4.1 The right (in common with the Transferor, and all other persons entitled to the same or similar right) to use for all proper purposes connected with the Property any Essential Conduits now laid in under or over the remainder of the Development and serving or intended to serve the Property alone or jointly or in common with any other part or parts of the Development subject to the Transferee paying the Service Charge.

4.2 Full and free right and liberty for the Transferee and all persons authorised by him in common with all other persons who have or may hereafter have the like right at all times and for all reasonable purposes connected with the present and every future use of the Property with or without motor and other vehicles to go pass and repass along the Access and any other road or roads leading from the Development to a public highway PROVIDED ALWAYS that this right is granted subject to the Transferee paying the Service Charge

4.3 The right (in common as aforesaid) for the Transferee and all persons authorised by him at reasonable times to enter upon and use the Open Space in accordance with the Planning Permission PROVIDED ALWAYS that this right is granted subject to the Transferee paying the Service Charge.

4.4 The right (in common as aforesaid) for the Transferee and all persons authorised by him at reasonable times to enter upon the remainder of the Development (on giving at least forty- eight hours notice to the occupiers of the parts affected except in case of emergency) for the purposes of repairing maintaining painting and rebuilding any buildings and the foundations thereof erected on or constructed under or to be erected on or constructed under the Property next to the boundary with the remainder of the Development the person exercising such right making good at his own expense any damage occasioned by the exercise of such right

4.5 The right of support shelter and protection for the Property from any adjoining property on the Development.

PROVIDED THAT none of the rights hereinbefore granted shall apply to or be exercised over any electricity sub-station, pumping station, or communication apparatus sites included in the Development

RIGHTS RESERVED FOR THE BENEFIT OF OTHER LAND

5. The following rights are reserved for the benefit of the Transferor

5.1 Any right of light or air now subsisting or which might (but for this exception) be acquired over the remainder of the Development to the intent that the Transferor may build or rebuild on the remainder of the Development in such manner as the Transferor may think fit notwithstanding any interference with the access of light or air to the Property thereby occasioned and so that the Transferee shall be deemed to enjoy such access of light and air in the meantime by the consent of the Transferor hereby given and not as of right

Insert here any required or permitted statements, certificates or applications and any agreed declarations and so on.

damage caused to the reasonable satisfaction of the owner of the Property or pay reasonable compensation where damage cannot be made good

5.7 The right for the Transferor to oversail the Property with a crane during the construction of the Development and subject to compliance with all statutory rules orders consents and regulations for the time being in force relating to the safety operation and storage of the crane and to operate the crane in a manner consistent with the best engineering practices

5.8 A right of way for the Transferor or any person to whom the benefit of this right is expressly assigned at all times and for all purposes to pass and repass over the Management Land to gain access to the Retained Land and the land to the west and south of the Development subject to the Transferor paying a proportionate part of the costs, expenses and charges incurred in repairing, maintaining, replacing and renewing the Management Land. The right of way reserved shall include and extend to a right of way with plant and machinery to develop the Retained Land and land to the west and south of the Development and a right of way for any plots constructed on the Retained Land and land to the west and south of the Development over the Management Land and such extension of the rights of way to the land to the west and south of the Development is hereby agreed by the Transferee to be fair and reasonable and shall not be objected to.

5.9 The right for the Transferor and Authority to construct maintain replace renew inspect survey, clean and connect into any Essential Conduits and Essential Supplies for the benefit of the Retained Land and land to the west and south of the Development subject to the Transferor or the Authority making good any damage caused

5.10 The right of support shelter and protection for any adjoining property on the Development from the Property.

5.11 The right for the Transferor or any person to whom the benefit of this right is expressly assigned either:- 5.11.1 to release or modify the covenants or conditions contained in a lease or transfer of any property forming part of the Development or

5.11.2 to waive any breach of those covenants and conditions

5.12 The right for the Transferor or any person to whom the benefit of this right is expressly assigned to alter the arrangement and layout of the Development (including the layout of the plots and the direction of roads, paths), in such way as they think fit

RESTRICTIVE COVENANTS BY THE TRANSFEE

6. The Transferee HEREBY COVENANTS with the Transferor and the Management Company and each and every plot owner within the Development and so as to bind the Property into whosoever hands the same may come that the Transferee will at all times hereafter observe and perform the restrictions and stipulations set out below:

6.1 NOTICES AND SIGNS

Not without the previous written approval of the Transferor to erect or display any notice offering the Property for sale or letting within a period of two years from the date hereof

buildings erected on the Property from any buildings erected on the remainder of the Development exposed as exterior walls) any party walls affected by such demolition must be supported pointed and weatherproofed to a reasonable standard such approval shall be based upon retaining the unique character and style of the Development and shall not be unreasonably delayed

6.7 PARKING

6.7.1 Not to park any vehicular caravan trailer, caravan or boat of any kind on any part of the Property or the Management Land

6.7.2 Until the last plot on the Development is sold not to park any vehicular caravan trailer, caravan or boat of any kind on any part of the Property

6.7.3 Not to carry out or permit to be carried out any repairs to any motor vehicle for the time being parked on the Property other than minor repairs carried out without causing any noise or nuisance

6.7.4 Not to allow any occupier of or visitor to any part of the Property to infringe these covenants relating to parking

6.8 SIGNS

Not to place or permit to be placed on the Property:

6.8.1 any commercial showboard placard or nameplate whatsoever save for a single signboard of the size permitted by planning regulations offering a dwelling for sale or letting; or

6.8.2 any sign or signboard of any description save for a sign not exceeding 40cm by 25cm showing the postal name and or street number of any property on the Property.

6.9 PLANNING

Not to breach and or permit any occupier or visitor to breach any of the planning conditions set out in any planning permission relating to the Development and to fully indemnify the Transferor against any proceedings, costs and expenses incurred by the Transferor as a consequence of the aforesaid breach

6.10 DISPOSALS OF THE PROPERTY

6.10. 1 Not to make any disposition transfer, charge or lease of the Property without first ensuring that all new owners of the Property enter into a deed of covenant with the Transferor and or the Management Company before they are registered at the Land Registry as proprietor of the Property to:

6.10.1.1 comply with the Transferees Positive Covenants

6.10.1.2 to apply to Land Registry for a Restriction to be entered onto the registered title in the same form as the Restriction set out in paragraph 11.1

6.10.2 Not to transfer the freehold of the Property without contemporaneously transferring the Transferee's share in the Management Company

6.10.3 Not to transfer the freehold of the Property except to a

9. Positive Covenants by the Transferor

9.1 Subject to the payment by the Transferee of the Service Charge the Transferor and/or the Management Company shall carry out and provide the services and facilities as deemed necessary in their absolute discretion of the Transferor and/or the Management Company for the benefit of all owners and occupiers including (without limitation) the cost of managing, repairing, maintaining, replacing, renewing, inspecting, surveying, gardening, insuring, lighting and cleaning the Management Land, Essential Conduits, Essential Supplies, any entrance gates and turning circle(s), within the Development together with any reasonable professional fees charged by the managing agent appointed by the Transferor and/or the Management Company to manage, repair, maintain, replace, renew, inspect, survey, garden, insure, light and clean the Management Land, Essential Conduits, Essential Supplies, any entrance gates and turning circle(s) within the Development

10. Agreements and Declarations

10.1 Section 62 Law of Property Act 1925 and the rule in "Wheeldon v Burrows" do not apply to this transfer and no legal or other rights are granted over the Development for the benefit of the Property by this Transfer except for those expressly granted by this transfer.

11. Restrictions and Entries on the Register

11.1 The Transferor and Transferee apply to the Land Registrar for a restriction to be entered on the Title to the Property in the following Land Registry standard form:

"No disposition of the registered estate other than a charge is to be registered without a certificate signed by a Conveyancer that the provisions of paragraph 6.10 of a transfer dated [] and made between Go Homes Limited (1) and Tendring District Council (2) have been complied with.

This document has been executed as a deed but is not delivered until it has been dated.

The transferor must execute this transfer as a deed using the space opposite. If there is more than one transferor, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If the transfer contains transferee's covenants or declarations or contains an application by the transferee (such as for a restriction), it must also be executed by the transferee.

If there is more than one transferee and panel 11 has been completed, each transferee must also execute this transfer to comply with the requirements in section 53(1)(b) of the Law of Property Act 1925 relating to the declaration of a trust of land. Please refer to *Joint property ownership and practice guide 24: private trusts of land* for further guidance.

Remember to date this deed in panel 4.

13 Execution

Sealed with the Common Seal of
TENDRING DISTRICT COUNCIL
in the presence of:-

Solicitor

THE COMPANIES ACT 2006

MEMORANDUM OF ASSOCIATION

AND

ARTICLES OF ASSOCIATION

FOR

**WINTERBOURNE GARDENS MANAGEMENT COMPANY
LTD**

Limited By Shares

Certificate Number: 11020940

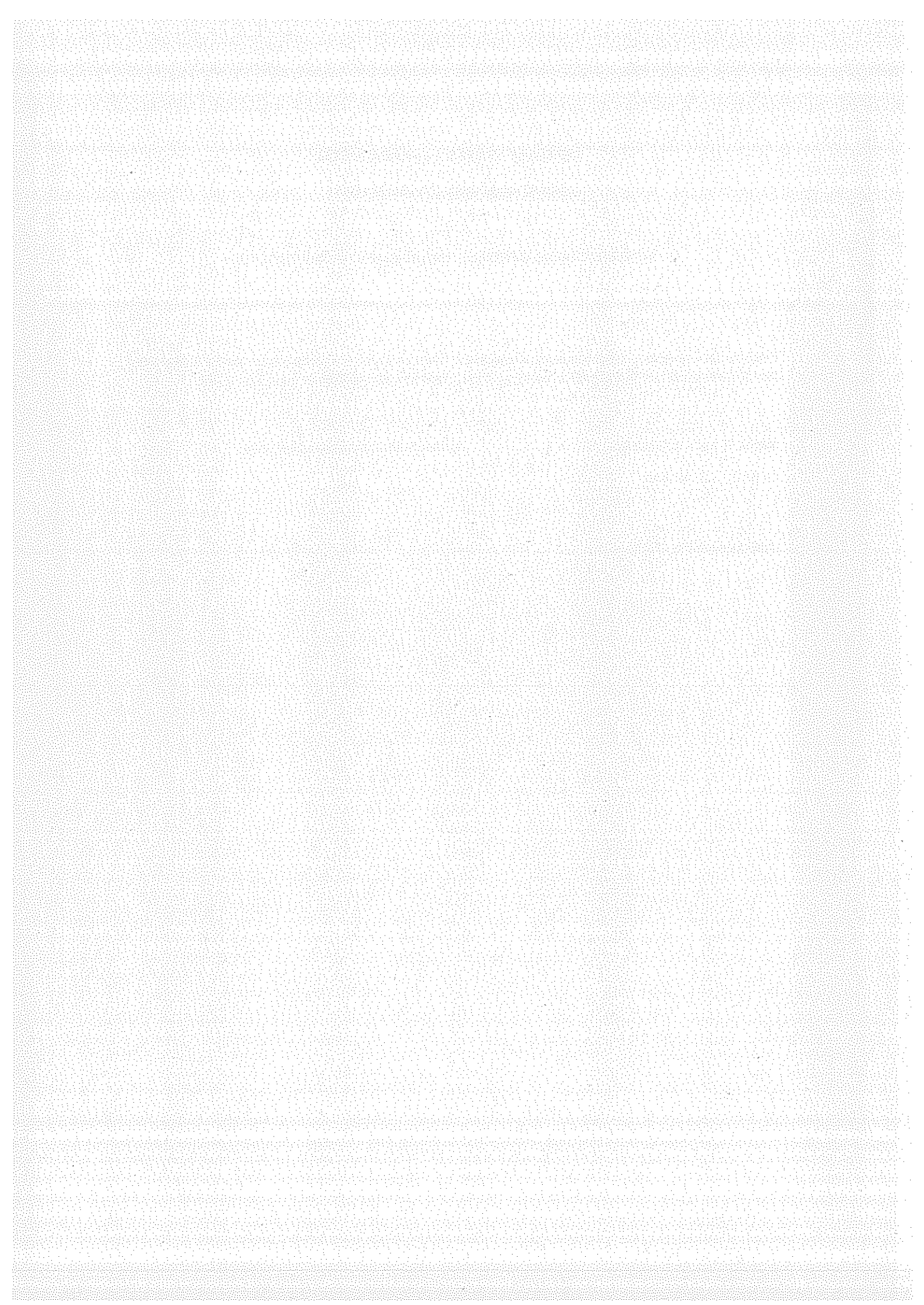
Incorporated: 19/10/2017

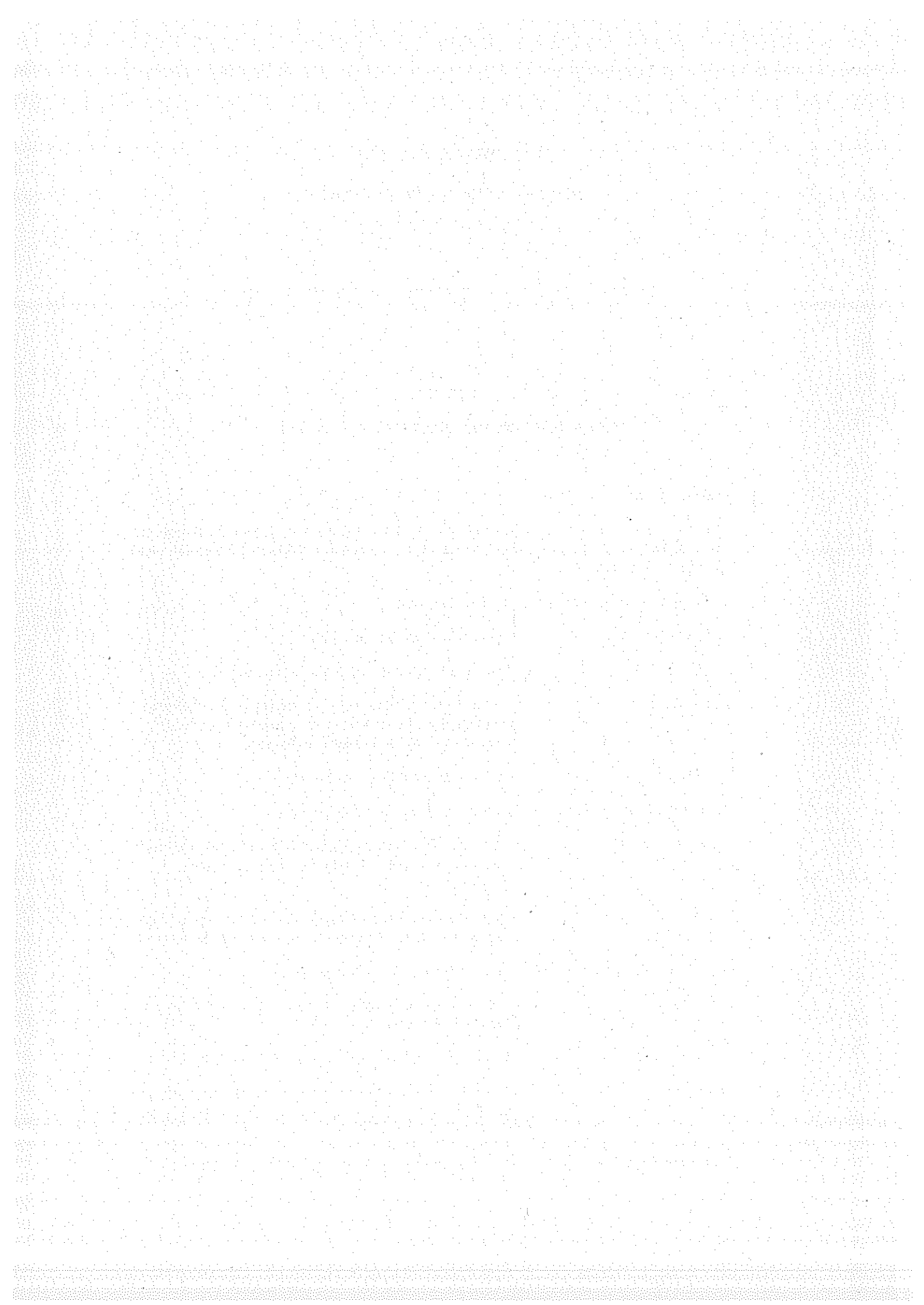
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"holder"	in relation to shares means the person whose name is entered in the register of members as the holder of the shares;
"instrument"	means a document in hard copy form;
"ordinary resolution"	has the meaning given in section 282 of the 2006 Act;
"paid"	means paid or credited as paid;
"participate"	in relation to a directors' meeting, has the meaning given in article 10;
"proxy notice"	has the meaning given in article 46;
"shareholder"	means a person who is the holder of a share;
"shares"	means shares in the Company;
"special resolution"	has the meaning given in section 283 of the 2006 Act;
"subsidiary"	has the meaning given in section 1159 of the 2006 Act;
"transmittee"	means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; 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 2006 Act as in force on the date when these articles become binding on the Company.

2 Liability of shareholders

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

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3 Directors' general authority

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

the general rule does not apply, and the director may, subject to articles 8(3) and 16 take decisions without regard to any other of the provisions of the articles relating to directors' decision-making.

8 Unanimous decisions

- (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.

9 Calling a directors' meeting

- (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.

10 Participation in directors' meetings

- (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.

- (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 shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
 - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company or any of its subsidiaries which do not provide special benefits for directors or former directors.
- (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.
 - (8) Where the number of non-conflicted directors is less than the quorum for the purposes of approving a resolution authorising any situation or transaction constituting a conflict as anticipated by the Companies Acts, the quorum shall be all the disinterested directors.
 - (9) When all the directors of the Company are conflicted, the Company shall pass the conflict to the Company's shareholders for approval by ordinary resolution.

15 Records of decisions to be kept

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

16 Directors' discretion to make further rules

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.

NUMBER AND APPOINTMENT OF DIRECTORS

17 Methods of appointing directors

- (1) There shall be no maximum number of directors and the minimum number of directors shall be one. Whenever the Company has two or more directors, at least one of them shall be a natural person
- (2) Any person 16 years of age or more and who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

20 Directors' expenses

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

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

PART 3

SHARES AND DISTRIBUTIONS

SHARES

21 All shares to be fully paid up

- (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

22 Powers to issue different classes of share

- (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- (2) The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

23 Company not bound by less than absolute interests

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

24 Share certificates

- (1) The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- (2) Every certificate must specify:

27 Transmission of shares

- (1) If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require:
 - (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

28 Exercise of transmittees' rights

- (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

29 Transmittees bound by prior notices

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

30 Purchase of own shares

Subject to the 2006 Act but without prejudice to any other provision of these articles, the Company may purchase its own shares with cash up to any amount in a financial year not exceeding the lower of:

- (a) £15,000; or
- (b) the value of 5% of the Company's share capital.

DIVIDENDS AND OTHER DISTRIBUTIONS

31 Procedure for declaring dividends

- (1) The Company may, by ordinary resolution declare dividends, and the directors may decide to pay interim dividends but a dividend must not be declared unless the directors have made a

33 No interest on distributions

The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by the terms on which the share was issued, or the provisions of another agreement between the holder of that share and the Company.

34 Unclaimed distributions

- (1) All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.
- (2) The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it and if

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

(b) the distribution recipient has not claimed it,

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

35 Non-cash distributions

- (1) Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

(a) fixing the value of any assets;

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

(c) vesting any assets in trustees.

36 Waiver of distributions

- (1) Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

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

- (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 shareholders 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.

39 Quorum for general meetings

The quorum for a general meeting shall be determined according to section 318 of the 2006 Act and 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.

40 Chairing general meetings

- (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 shareholder 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".

41 Attendance and speaking by directors and non-shareholders

- (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The chairman of the meeting may permit other persons who are not:
 - (a) shareholders of the Company, or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

45 Poll votes

- (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 shareholders 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.

46 Content of proxy notices

- (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:
 - (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder 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.

communications relating to any general meeting which any shareholder is entitled to receive shall be sent to the directors and to the auditor for the time being of the Company.

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

50 Company seals

- (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.

51 No right to inspect accounts and other records

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

52 Provision for employees on cessation of business

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

DIRECTORS' INDEMNITY AND INSURANCE

53 Indemnity

- (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: