

Company number 08134010

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS

of

KENT TEACHING SOLUTIONS LTD (**Company**)

1st September 2016

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that the resolutions numbered 1,2 and 3 are passed as ordinary resolutions and that the resolution numbered 4 is passed as a special resolution

ORDINARY RESOLUTIONS

- 1 THAT, in accordance with section 551 of the Companies Act 2006 (CA 2006), the directors of the Company (**Directors**) be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) up to an aggregate nominal amount of £60 00 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 August 2017 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

This authority revokes and replaces all unexercised authorities previously granted to the Directors

- 2 THAT 25 of the 100 issued ordinary shares of £1 00 in the capital of the Company each be and are hereby redesignated as an A Share of £1 00 in the capital of the Company having the rights and being subject to the restrictions set out in the articles of association adopted pursuant to resolution 4
- 3 THAT 75 of the 100 issued ordinary shares of £1 00 in the capital of the Company each be and are hereby redesignated as an B Share of £1 00 in the capital of the Company having the rights and being subject to the restrictions set out in the articles of association adopted pursuant to resolution 4

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SPECIAL RESOLUTION

4 THAT the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association

AGREEMENT

Please read the notes at the end of this document before signifying your agreement to the resolutions

The undersigned, persons entitled to vote on the resolutions, hereby irrevocably agree to the resolutions.

Signed by **GARY ALEXANDER** 
RISLEY:
Date . 1/9/16

Signed by **KIM RISLEY:** 
Date . 1/9/16

NOTES

1 You can choose to agree to all of the resolutions or none of them, but you cannot agree to only some of the resolutions. If you agree with the resolutions, please indicate your agreement by signing and dating this document where indicated above

If you do not agree to the resolutions, you do not need to do anything, you will not be deemed to agree if you fail to reply

2 Once you have indicated your agreement to the resolutions, you may not revoke your agreement

3 Unless, within 28 days beginning with the Circulation Date, sufficient agreement has been received for the resolutions to pass, they will lapse. If you agree to the resolutions please ensure that your agreement reaches us before or during this date

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

KENT TEACHING SOLUTIONS LTD (Company No. 8134010)

(Adopted by special resolution passed on 1st September 2016)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, the following words have the following meanings

A Share: an ordinary share of £1 in the capital of the Company designated as an A Share,

A Shareholder: the holder of an A Share in the Company,

Articles: the Company's articles of association for the time being in force,

Available Profits: the profits available for distribution within the meaning of Part 23 CA 2006

B Share: an ordinary share of £1 in the capital of the Company designated as a B Share,

B Shareholder: the holder of only B Shares in the Company,

Bad Leaver: a Departing Employee Shareholder who becomes a Departing Employee Shareholder in circumstances where he is not a Good Leaver,

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business,

CA 2006: the Companies Act 2006,

Controlling Interest: an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010,

Deemed Transfer Notice: a Transfer Notice that is deemed to have been served under any provision of these Articles,

Departing Employee Shareholder: an Employee Shareholder who ceases to be a director or employee of the Company,

Employee Shareholder: a shareholder who is, or has been, a director and/or an employee of the Company, other than an A Shareholder,

Fair Value: in relation to shares, as determined in accordance with article 17,

Good Leaver: an Employee Shareholder who becomes a Departing Employee Shareholder by reason of death or permanent disability or permanent incapacity through ill-health,

Interested Director: has the meaning given in article 6 1,

Model Articles: the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*) as amended prior to the date of adoption of these Articles and reference to a numbered Model Article is a reference to that article of the Model Articles,

Original Shareholder: a shareholder who holds shares in the Company prior to the adoption of these Articles,

Permitted Transferee: any family member of an A Shareholder who is an existing shareholder in the Company

Proposed Sale Price: has the meaning given in article 15 1,

Reserved Matters: the matters listed in Schedule 1,

Sale Shares: has the meaning given in article 15 1,

Seller: has the meaning given in article 15 1,

Termination Date: (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires,

(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served,

(c) where the Employee Shareholder concerned is a director but not an employee, the earlier of the date on which he ceases to be a director or the date on which his service agreement (or other terms of appointment) with the Company is terminated, or

(d) in any other case, the date on which the employment or holding of office is terminated,

Transfer Notice: has the meaning given in article 15 1,

Transfer Price: has the meaning given in article 15 4,

Valuers: an independent firm of accountants appointed by the Company, and

Writing or written: 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, save that, for the purposes of article 15, article 16, article 18 and article 19 "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form

1 2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the CA 2006 shall have those

meanings in these Articles but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company

1 3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles

1 4 A reference in these Articles to an article is a reference to the relevant article of these Articles unless expressly provided otherwise

1 5 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as it is in force on the date when these Articles become binding on the Company

1 6 A reference to a statute or statutory provision shall include all subordinate legislation made as at the date on which these Articles become binding on the Company under that statute or statutory provision

1 7 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms

1 8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them

2. ADOPTION OF THE MODEL ARTICLES

2 1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation

2 2 Model Articles 6(2), 7, 11, 13, 14, 16, 17, 22(2), 26(5), 36, 38, 43, 50 and 51 shall not apply to the Company

2 3 The Chairman of any general meeting shall be an A Shareholder Model Article 31 shall be amended accordingly

DIRECTORS

3. DIRECTORS' MEETINGS

3 1 Any decision of the directors must be taken at a meeting of directors in accordance with these Articles

3 2 All decisions made at any meeting of the directors shall be made only by resolution, and no such resolution shall be passed unless more votes are cast for it than against it

3 3 Each director has one vote at a meeting of directors

3 4 The Chairman of any meeting shall be an A Shareholder. If the numbers of votes for and against a proposal are equal, the chairman has a casting vote

4. NUMBER OF DIRECTORS

4 1 There shall be no minimum number of directors. If the Company only has one director, the director must be an A Shareholder

4 2 Save as provided in Article 4 1 no shareholding qualification for directors shall be required

5. QUORUM FOR DIRECTORS' MEETINGS

5 1 The quorum at any meeting of the directors (including adjourned meetings) shall be two directors

5 2 No business shall be conducted at any meeting of directors unless a quorum is present at the beginning of the meeting and also when that business is voted on

5 3 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 7 days at the same time and place

6. DIRECTORS' CONFLICTS OF INTEREST

6 1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the CA 2006 to avoid conflicts of interest (**Conflict**)

6 2 Any authorisation under this article 6 will be effective only if

- (a) the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine,
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director, and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted

6.3 Any authorisation of a Conflict under this article 6 may (whether at the time of giving the authorisation or subsequently)

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict,
- (c) provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict,
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit,
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence, and
- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters

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

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

6 6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

7. RECORDS OF DECISIONS TO BE KEPT

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

8. MATTERS REQUIRING THE CONSENT OF A SHAREHOLDERS

Neither the Board nor the Company in general meeting shall, without the prior written approval of all A Shareholders, undertake any of the Reserved Matters

9. APPOINTMENT AND REMOVAL OF DIRECTORS

9 1 The directors shall be appointed by the holder(s) of a majority of the A Shares for the time being

9 2 Any director may at any time be removed from office by the holder(s) of a majority of the A Shares Any director who is not an A Shareholder who is an employee of the Company and who ceases to be an employee shall be removed from office from the date his employment ceases

9 3 If any director shall die or be removed from or vacate office for any cause, the holder(s) of a majority of the A Shares may appoint in his place another person to be a director

9 4 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the holder(s) of a majority of the A Shares and served on each of the other shareholders and the Company at its registered office and on the director in the case of his removal Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice

9 5 The right to appoint and to remove directors under this article shall be a class right attaching to the A Shares

- 9 6 No director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law

SHARES

10. SHARE CAPITAL

- 10 1 Except as otherwise provided in these Articles, the A Shares and the B Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares

- 10 2 On the transfer of any share as permitted by these Articles

- (a) subject to article 10 2(b), a share transferred to a non-shareholder or a shareholder who holds only B Shares shall remain of the same class as before the transfer, and
- (b) a share transferred to an A Shareholder shall automatically be redesignated on transfer as an A Share

If no shares of a class remain in issue following a redesignation under this article, these Articles shall be read as if they do not include any reference to that class

- 10 3 No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be two shareholders except where there is only one shareholder of the relevant class of share where the necessary quorum shall be one

- 10 4 Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares

- (a) any alteration in the Articles,
- (b) any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital, and
- (c) any resolution to put the Company into liquidation

- 10 5 The Company shall immediately cancel any shares acquired under Chapter 4 of Part 18 of the CA 2006

11. DIVIDENDS

- 11 1 The A Shares shall be entitled to a preferred ordinary dividend of £155,000 in aggregate (the 'A Preferred Ordinary Dividend')
- 11 2 The Company may, with the written consent of the A Shareholders, but without resolution of the directors or the Company in general meeting and before application of any Available Profits to reserve or for any other purpose, pay the holders of the A Shares all or part of the A Preferred Ordinary Dividend of £155,000
- 11 3 Without prejudice to the A Preferred Ordinary Dividend, and subject to the prior written consent of the A Shareholders, the directors or the Company in general meeting may declare dividends in respect of the A Shares and the B Shares *pari passu* as if the same were one class of shares
- 11 4 Each dividend shall be distributed to the appropriate shareholders *pro rata* according to the number of shares held by them respectively and shall accrue daily (assuming a 365-day year) All dividends are expressed net and shall be paid in cash

12. SHARE TRANSFERS: GENERAL

- 12 1 In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share
- 12 2 No shareholder shall transfer any share except
- (a) a shareholder may transfer all (but not some only) of his shares in the Company for cash in accordance with the procedure set out in article 15, or
 - (b) in accordance with articles 13, 15, 18 or 19
- 12 3 Subject to article 12 4, the directors must register any duly stamped or certified exempt transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles
- 12 4 The directors may, as a condition to the registration of any transfer of shares in the Company require the transferee to provide the Company with the required particulars under section 790K of the CA 2006 if the transferee is a registrable person or relevant legal entity within the meaning of section 790C of the CA 2006 If any such condition is imposed in accordance with this article 12 4, the transfer may not be registered unless the Company has received all of the required particulars under section 790K of

the CA 2006 if the transferee is a registrable person or relevant legal entity within the meaning of section 790C of the CA 2006

12.5 Any transfer of shares by way of a sale that is required to be made under these Articles shall be deemed to include a warranty that the transferor sells the shares with full title guarantee

12.6 Any Transfer Notice served in respect of the transfer of any shares which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of the Deemed Transfer Notice

13. PERMITTED TRANSFERS

An A Shareholder may, during their lifetime or under the terms of their will on death, transfer their shares to a Permitted Transferee without restriction as to price or otherwise as if the pre-emption rights contained in these Articles or otherwise do not apply

14. PROHIBITED TRANSFERS

Any person who holds, or becomes entitled to, any B Share shall not without the written consent of all the A Shareholders

- (a) serve a Transfer Notice under article 15 (*Pre-emption*), or
- (b) effect a transfer, except a transfer in accordance with article 15 (*Pre-emption*), article 16 (*Compulsory Transfers*), article 18 (*Tag Along*) or article 19 (*Drag Along*), of such Shares

15. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

15.1 Except where the provisions of article 15.15 apply, a shareholder (**Seller**) wishing to transfer his shares (**Sale Shares**) must give notice in writing (a **Transfer Notice**) to the Company giving details of the proposed transfer including

- (a) the name of the proposed buyer, and
- (b) the price (in cash) at which he wishes to sell the Sale Shares (**Proposed Sale Price**)

15.2 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these Articles

15.3 Once given, a Transfer Notice may only be withdrawn by the Seller where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair

Value and such Fair Value is less than the Proposed Sale Price. In such case, the Seller may, within 10 Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice.

- 15.4 The Transfer Price for each Sale Share the subject of a Transfer Notice shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Seller and the Original Shareholder(s) or, in default of agreement within 15 Business Days of the date of service of the Transfer Notice, the Fair Value of each Sale Share determined in accordance with article 17.
- 15.5 As soon as practicable following the determination of the Transfer Price, the directors shall (unless the Transfer Notice is withdrawn in accordance with article 15.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 15 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.
- 15.6 The directors shall, subject to article 15.11, offer the Sale Shares in the following order of priority:
- (a) first, to the A Shareholders (if any), and
 - (b) second, to the B Shareholders.
- 15.7 The directors shall offer the Sale Shares first to the A Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 10 Business Days after the offer (both dates inclusive) (the **First Offer Period**) for the maximum number of Sale Shares they wish to buy.
- 15.8 If
- (a) at the end of the First Offer Period, the total number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the directors shall allocate the Sale Shares to each A Shareholder who has applied for Sale Shares in proportion with his existing holding of A Shares (excluding those held by the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements among the A Shareholders shall be determined by the directors). No allocation shall be made to a shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy,
 - (b) not all Sale Shares are allocated following allocations in accordance with article 15.8(a), but there are applications for Sale Shares that have not been satisfied, the directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 15.8(a). The procedure set out in this article 15.8(b) shall apply on any number of

consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied, and

- (c) at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the directors shall allocate the Sale Shares to the A Shareholders in accordance with their applications. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article 15 9

15 9 At the end of the First Offer Period, the directors shall offer the Initial Surplus Shares (if any) to the B Shareholders, inviting them to apply in writing within the period from the date of the offer to the date 10 Business Days after the offer (both dates inclusive) (the **Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy

15 10 If

- (a) at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to each B Shareholder who has applied for Initial Surplus Shares in proportion with his existing holding of shares of the class being offered. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements among the B Shareholders shall be determined by the directors). No allocation shall be made to a shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy,
- (b) not all Initial Surplus Shares are allocated following allocations in accordance with article 15 10(a), but there are applications for Initial Surplus Shares that have not been satisfied, the directors shall allocate the remaining Initial Surplus Shares to such applicants in accordance with the procedure set out in article 15 10(a). The procedure set out in this article 15 10(b) shall apply on any number of consecutive occasions until either all Initial Surplus Shares have been allocated or all applications for Initial Surplus Shares have been satisfied, and
- (c) at the end of the Second Offer Period, the total number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to the B Shareholders in accordance with their applications. The balance (the **Second Surplus Shares**) may, with the prior written consent of the Original Shareholders, be transferred to the buyer identified in the Transfer Notice (if any) in accordance with article 15 15

- 15 11 In the event that there are no A Shareholders (other than the Seller(s)) at the date of the Transfer Notice and/or Deemed Transfer Notice(s) (as the case may be), article 15 7 and article 15 8 shall apply but the Sale Shares shall be offered first to the B Shareholders and the provisions of those articles shall apply to an offer of the Sale Shares to the B Shareholders mutatis mutandis. If there are any Initial Surplus Shares under article 15 8(c), the holder(s) of a majority of the class of shares held by the B Shareholders shall, within 10 Business Days of the date of the Allocation Notice(s), either give notice in writing to the Seller and the Company
- (a) that, subject to article 12 2(a), they consent to the transfer of the Initial Surplus Shares to the buyer identified in the Transfer Notice (if any) in accordance with article 15 15, or
 - (b) that the Company shall be wound up immediately
- 15 12 The directors shall, when no further offers or allocations are required to be made under article 15 6 to article 15 10 (inclusive), give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 Business Days, but not more than 30 Business Days, after the date of the Allocation Notice)
- 15 13 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, execute and deliver a transfer of the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice, together with the relevant share certificate(s) (or an indemnity in lieu thereof)
- 15 14 If the Seller fails to comply with article 15 13
- (a) the chairman (or, failing him, any other director or some other person nominated by a resolution of the directors) may, as agent on behalf of the Seller
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants,
 - (ii) receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price), and
 - (iii) (subject to the transfers being duly stamped) enter the Applicants in the register of shareholders as the holders of the Sale Shares purchased by them, and
 - (b) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has

delivered his certificate(s) for the relevant Sale Shares or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate, together, in either case, with such other evidence (if any) as the board may reasonably require to prove good title to those Sale Shares, to the Company

15 15 Where an Allocation Notice does not relate to all the Sale Shares, then the Seller may, at any time during the 15 Business Days following the date of service of the Allocation Notice, transfer the Initial Surplus Shares (subject to article 15 11) or the Second Surplus Shares (subject to article 15 10(c)) (as the case may be) to the buyer identified in the Transfer Notice (if any) at a price at least equal to the Transfer Price. The Seller shall not be permitted to transfer any such Initial Surplus Shares or Second Surplus Shares (as the case may be) to a third party buyer if that buyer was not identified in the Transfer Notice.

16. COMPULSORY TRANSFERS

16 1 A shareholder is deemed to have served a Transfer Notice under article 15 1 immediately before any of the following events

- (a) the death of a B shareholder, or
- (b) a bankruptcy petition being presented for the shareholder's bankruptcy, or
- (c) an arrangement or composition with any of the shareholder's creditors being proposed, or
- (d) the shareholder convening a meeting of his creditors, or taking any other steps with a view to making an arrangement or composition in satisfaction of his creditors generally, or
- (e) the shareholder being unable to pay his debts as they fall due within the meaning of section 268 of the Insolvency Act 1986, or
- (f) a receiver being appointed over or in relation to, all or any material part of the shareholder's assets, or
- (g) the happening in relation to a shareholder of any event analogous to any of the above in any jurisdiction in which he is resident, carries on business or has assets, or
- (h) the shareholder other than an A Shareholder (being an Employee Shareholder) becoming a Departing Employee Shareholder (a **Compulsory Employee Transfer**) (unless the A Shareholders otherwise direct in writing within 10 Business Days of the relevant Termination Date that a Transfer Notice shall not be deemed to have been served). For the purpose of this article 16 1(h), the Transfer Notice is deemed to have been served on the relevant Termination Date.

16 2 The Deemed Transfer Notice has the same effect as a Transfer Notice, except that

- (a) the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Sale Shares and, subject to article 16 2(b), the Transfer Price for the Sale Shares shall be the aggregate Fair Value of those shares, determined by the Valuers in accordance with article 17,
- (b) the Transfer Price in respect of a Compulsory Employee Transfer shall, where the Departing Employee Shareholder is
 - (i) a Bad Leaver, be restricted to the par value of such Sale Shares, and
 - (ii) a Good Leaver, be the aggregate Fair Value of such Sale Shares

16 3 A Deemed Transfer Notice under article 16 1(h) shall immediately and automatically revoke

- (a) a Transfer Notice served by the relevant shareholder before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under article 16 1(h), and
- (b) a Deemed Transfer Notice deemed to be served by the relevant shareholder under any of the events set out in article 16 1(a) to article 16 1(g) (inclusive) before the occurrence of the relevant event giving rise to the Deemed Transfer Notice under article 16 1(h)

17. VALUATION

17 1 The Valuers shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Company and the Seller in writing of their determination

17 2 The Fair Value for any Sale Share shall be the price per share determined in writing by the Valuers on the following bases and assumptions

- (a) valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent or for the rights or restrictions applying to the Sale Shares,
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,
- (c) the sale is to be on arms' length terms between a willing seller and a willing buyer,
- (d) the Sale Shares are sold free of all encumbrances,
- (e) the sale is taking place on the date the Valuers were requested to determine the Fair Value, and

- (f) to take account of any other factors that the Valuers reasonably believe should be taken into account

17.3 The shareholders are entitled to make submissions to the Valuers including oral submissions and will provide (or procure that the Company provides) the Valuers with such assistance and documents as the Valuers reasonably require for the purpose of reaching a decision, subject to the Valuers agreeing to give such confidentiality undertakings as the shareholders may reasonably require

17.4 To the extent not provided for by this article 17, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate

17.5 The Valuers shall act as expert and not as arbitrator and their written determination shall be final and binding on the shareholders in the absence of manifest error or fraud

17.6 The cost of obtaining the Valuers' valuation shall be borne by the Company and the Seller equally or in such other proportions as the Valuers direct unless the Seller withdraws the relevant Transfer Notice in accordance with article 15.3, in which case the Seller shall bear the cost

18 TAG ALONG

18.1 Except in the case of transfers pursuant to article 15, and after first giving a Transfer Notice to the Company and going through the procedure set out in article 15, the provisions of article 18.2 to article 18.6 shall apply if in one or a series of related transactions, three or more shareholders, including an A Shareholder (**Sellers**), propose to transfer any of their shares to a bona fide purchaser on arm's length terms (**Proposed Transfer**) and such transfer would, if carried out, result in such person (**Buyer**) acquiring a Controlling Interest in the Company

18.2 Before making a Proposed Transfer, the Sellers shall procure that the Buyer makes an offer (**Offer**) to all other shareholders to purchase all shares held by them for a consideration in cash per share that is at least equal to the highest price per share offered by the Buyer in the Proposed Transfer (**Specified Price**)

18.3 The Offer shall be made by written notice (**Offer Notice**), at least 20 Business Days before the proposed transfer date (**Transfer Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out

- (a) the identity of the Buyer,
- (b) the Specified Price and other terms and conditions of payment,

- (c) the Transfer Date, and
- (d) the number of shares proposed to be purchased by the Buyer (**Offer Shares**)

18 4 If the Buyer fails to make the Offer to all of the holders of the shares in the Company, in accordance with article 18 2 and article 18 3, the Sellers shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of shares effected in accordance with the Proposed Transfer

18 5 If the Offer is accepted by any shareholder (**Accepting Shareholder**) in writing within 10 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders

18 6 The Proposed Transfer is subject to the rights of pre-emption set out in article 15, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions

19. **DRAG ALONG**

19 1 If three or more shareholders, including an A Shareholder together representing at least 50% of the Shares (Sellers) wish to transfer all (but not some only) of their shares to a bona fide purchaser on arm's length terms (**Proposed Buyer**) then, after first giving a Transfer Notice to the Company and going through the procedure set out in article 15, the Sellers may require all other shareholders (**Called Shareholders**) to sell and transfer all of their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (**Drag Along Option**)

19 2 The Sellers may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**Drag Along Notice**) at any time before the Proposed Transfer to the Proposed Buyer The Drag Along Notice shall specify

- (a) that the Called Shareholder is required to transfer all of its Called Shares pursuant to this article 19,
- (b) the person to whom the Called Shares are to be transferred,
- (c) the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer to the Sellers, and
- (d) the proposed date of the transfer

19 3 Once issued, a Drag Along Notice shall be irrevocable However, a Drag Along Notice shall lapse if, for any reason, the Sellers have not sold their shares to the

Proposed Buyer within 20 Business Days of serving the Drag Along Notice. The Sellers may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

- 19.4 No Drag Along Notice shall require the Called Shareholder to agree to any terms except those specifically set out in this article 19.
- 19.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the Proposed Transfer unless
- (a) the Sellers and the Called Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by them, or
 - (b) that date is less than 5 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 10th Business Day after service of the Drag Along Notice.
- 19.6 The Proposed Transfer by the Sellers to the Proposed Buyer is subject to the rights of pre-emption set out in article 15, but the sale of the Called Shares by the Called Shareholder shall not be subject to those provisions.
- 19.7 On or before the Completion Date, the Called Shareholders shall execute and deliver a stock transfer form for the Called Shares, together with the relevant share certificate(s) (or a suitable indemnity for any lost share certificate(s)) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article 19.2 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.
- 19.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer form and share certificate(s) (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 19 in respect of their shares.
- 19.9 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 19.7) transfer(s) in respect of all of the Called Shares held by them, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Seller to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called

Shares, and to deliver such transfer(s) to the Proposed Buyer (or as he may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this article 19.9

DECISION MAKING BY SHAREHOLDERS

20. QUORUM FOR GENERAL MEETINGS

- 20.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy, one of whom shall be an A Shareholder or his proxy.
- 20.2 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

21. VOTING

At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a shareholder entitled to vote, on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder, and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.

ADMINISTRATIVE ARRANGEMENTS

22. MEANS OF COMMUNICATION TO BE USED

- 22.1 Subject to article 22.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient
- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address, or
 - (b) if sent by fax, at the time of transmission, or
 - (c) if sent by pre-paid United Kingdom first class post or another next working day delivery service to an address in the United Kingdom, at 9.00 am on the second Business Day after posting, or
 - (d) if sent or supplied by email, at the time of transmission, or
 - (e) if deemed receipt under the previous paragraphs of this article 22.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), deemed receipt will occur at 9.00 am on the day when business next starts in the place of deemed receipt.

- 22.2 To prove service, it is sufficient to prove that
- (a) if delivered by hand, the notice was delivered to the correct address, or
 - (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number, or
 - (c) if sent by post, the envelope containing the notice was properly addressed, paid for and posted, or
 - (d) if sent by email, the notice was properly addressed and sent to the e-mail address of the recipient
- 22.3 Any notice, document or other information served on, or delivered to, an intended recipient under article 15, article 16, article 18 or article 19 (as the case may be) may not be served or delivered in electronic form

SCHEDULE 1 – MATTERS RESERVED FOR APPROVAL OF A SHAREHOLDERS

1. Altering in any respect the Articles or the rights attaching to any of the shares in the Company
2. Permitting the registration of any person as a shareholder of the Company other than the Company's shareholders at the date of adoption of these articles
3. Increasing the amount of the Company's issued share capital, granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own shares or effecting any other reorganisation of its share capital
4. Issuing any loan capital in the Company or entering into any commitment with any person with respect to the issue of any loan capital
5. Making any borrowing from its bankers
6. Passing any resolution for the Company's winding up or presenting any petition for its administration (unless it has become insolvent)
7. Altering the name of the Company or its registered office
8. Changing the nature of the Company's business or commencing any new business by the Company which is not ancillary or incidental to the Company's current business
9. Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not)
10. Amalgamating or merging with any other company or business undertaking
11. Making any acquisition or disposal by the Company of any material asset(s) otherwise than in the ordinary course of business
12. Creating or granting any encumbrance over the whole or any part of the business, undertaking or assets of the Company or over any shares in the Company or agreeing to do so
13. Making any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary

course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) or indemnity

- 14 Entering into any arrangement, contract or transaction outside the normal course of the Company's Business or otherwise than on arm's length terms
- 15 Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the Company's business, or materially varying any such arrangements, contracts or transactions
- 16 Factoring or assigning any of the book debts of the Company
- 17 Changing the accountants of the Company
- 18 Declaring or paying any dividend
- 19 Establishing or amending any profit-sharing, share option, bonus or other incentive scheme of any nature for directors or employees
- 20 Establishing or amending any pension scheme or granting any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family
- 21 Entering into or varying any contract of employment (including pension and other benefits)