

**The Companies Act 1985
Company Limited by Guarantee
and not having a share capital**

**Memorandum
and
Articles of Association
of
Marlborough Area Development Trust**

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Company Limited by Guarantee
and not having a share capital**

**Memorandum of Association
of
Marlborough Area Development Trust**

NAME

The Company's name is "Marlborough Area Development Trust".

REGISTERED OFFICE

The Company's registered office will be in England and Wales.

OBJECTS

The Company's object is to carry on activities which benefit the community and in particular (without limitation) to the promotion of rural regeneration for the public benefit to improve the economic, social and environmental well-being of the Marlborough Community Area.

DEFINITION OF THE MARLBOROUGH COMMUNITY AREA

The Marlborough Community Area is defined as the 26 parishes surrounding and including the town of Marlborough: Aldbourne, Averbury, Baydon, Berwick Bassett, Broad Hinton, Burbage, Buttermere, Chilton Foliat, East Kennett, Froxfield, Fyfield, Grafton, Great Bedwyn, Ham, Little Bedwyn, Marlborough, Mildenhall, Ogbourne St George, Ogbourne St Andrew, Preshute, Ramsbury, Savernake, Shalbourne, West Overton, Winterbourne Bassett, Winterbourne Monkton.

POWERS

The Company has the power to do anything which is incidental or conducive to the furtherance of its object.

LIMITED LIABILITY

The liability of the Members is limited.

GUARANTEE

Every Member of the Company undertakes to contribute a sum not exceeding £1 to the assets of the Company if it is wound up during his, her or its membership or within one year afterwards:

- for payment of the debts and liabilities of the Company contracted before he, she or it ceased to be a Member;
- for the costs, charges and expenses of winding up; and
- for the adjustment of the rights of the contributories among themselves.

We, the subscribers to this Memorandum, wish to form a Company pursuant to this Memorandum.

Names, Addresses and Signatures of Subscribers
Guarantee

1. Signature: £1

Name:

Address:

Date:

Witness to the above signature:

Signature:

Name:

Address:

2. Signature: £1

Name:

Address:

Date:

Witness to the above signature:

Signature:

Name:

Address:

3. Signature: £1

Name:

Address:

Date:

Witness to the above signature:

Signature:

Name:

Address:

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**Articles of Association
of
Marlborough Area Development Trust**

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PART ONE: DEFINITIONS AND INTERPRETATION

DEFINITIONS

In these Articles the following terms shall have the following meanings:

| <i>Term</i> | <i>Meaning</i> |
|----------------------------|--|
| “1985 Act” | the Companies Act 1985 |
| “2004 Act” | the Companies (Audit, Investigations and Community Enterprise) Act 2004 |
| “address” | in relation to electronic communications, includes any number or address used for the purposes of such communications |
| “Articles” | the Company’s Articles of Association |
| “Asset Locked Body” | a community interest company, Charity or Scottish Charity or a body established outside Great Britain (for the purposes of article 3(2)(a), the United Kingdom) that is equivalent to any of those persons |
| “Chair” | the meaning given in article 15 |
| “Charity” | (except in the phrase, “Scottish Charity”) the meaning given by Section 96 of the Charities Act 1993 |
| “clear days” | in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect |
| “Company” | [insert name] Community Interest Company |
| “Director” | a Director of the Company, including any person occupying the position of Director, by whatever name called |
| “Directors’ functions” | the meaning given in article 4(1) |
| “electronic communication” | the meaning given in the Electronic Communications Act 2000 |
| “in writing” | written printed or transmitted writing including by electronic communication |
| “majority decision” | the meaning given in article 10 |
| “Members” | the members of the Company as defined in the 1985 Act |
| “Memorandum” | the Company’s Memorandum of Association |
| “relevant quorum” | the meaning given in article 14(1) |

| Term | Meaning |
|----------------------|--|
| “remuneration” | any reasonable payment or benefit received, or to be received, by a Director or employee of the Company in consideration for that Director’s or employee’s services to the Company, and any arrangement in connection with the payment of a pension, allowance or gratuity to or in respect of any person who is to be, is, or has been a Director or employee of the Company or any of its predecessors in business |
| “Scottish Charity” | the meaning given in section 1(7) of the Law Reform (Miscellaneous Provisions) Scotland Act 1990 |
| “Secretary” | the individual appointed as Company Secretary under article 32 |
| “subsidiary” | the meaning given in section 736 of the Companies Act 1985 |
| “unanimous decision” | the meaning given in article 9. |

INTERPRETATION

- 1) Unless the context requires otherwise, words or expressions defined in:
 - the 1985 Act,
 - the 2004 Act, or
 - the Regulations,
have the same meaning in the Articles.
- 2) Without prejudice to the generality of paragraph (1):
 - “community” is to be construed in accordance with section 35 of the 2004 Act and Part 2 of the Regulations;
 - “financial year” has the meaning given in section 223 of the 1985 Act; and
 - “transfer” includes every description of disposition, payment, release or distribution and the creation or extinction of an estate or interest in, or right over, any property, or, in Scotland, a right, title or interest in or over any property.
- 3) Unless the context requires otherwise, all references to legislative provisions are to the legislation concerned as amended, repealed, re-enacted or replaced and in force from time to time.
- 4) Unless the context requires otherwise, words in the singular include the plural and words in the plural include the singular.
- 5) All headings and explanatory notes are included for convenience only: they do not form part of the Articles, and shall not be used in the interpretation of the Articles.

PART TWO: ASSET LOCK

TRANSFER OF ASSETS

- 1) The Company shall not transfer any of its assets other than for full consideration.
- 2) Provided the condition specified in paragraph (3) is satisfied, paragraph (1) shall not apply to:
 - the transfer of assets to any Asset Locked Body specified in the Memorandum or Articles for the purposes of this article or to any other Asset Locked Body; and
 - the transfer of assets made for the benefit of the community other than by way of a transfer of assets to an Asset Locked Body.
- 3) The condition is that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration, which may be set out elsewhere in the Memorandum or the Articles.
- 4) If:
 - the Company is wound up under the Insolvency Act 1986; and
 - all its liabilities have been satisfied, then any residual assets shall be given or transferred to the specified Asset Locked Body specified in the Memorandum and Articles for the purposes of this article.
- 5) For the purposes of this article, the following Asset Locked Body is specified as a potential recipient of the Company's assets under paragraphs (2) and (4).

Name: Action for the River Kennet

Registered Charity Number: 1120725

Principal office address: PO Box 2919, Manton, Marlborough,
Wiltshire, SN8 4WE

PART THREE: DIRECTORS' FUNCTIONS

DIRECTORS' GENERAL AUTHORITY TO MANAGE THE COMPANY

- 1) The Directors' functions are:
 - to manage the Company's business;
 - and
 - to exercise all the powers of the Company for any purpose connected with the Company's business.
- 2) The Directors may delegate their functions in accordance with the Articles.

DIRECTORS' GENERAL AUTHORITY TO DELEGATE FUNCTIONS

- 1) Subject to the Articles, the Directors may delegate any of their functions to any person they think fit.
- 2) The Directors must not delegate to any person who is not a Director any decision connected with:
 - the taking of decisions by Directors;
 - or
 - the appointment of a Director or the termination of a Director's appointment.
- 3) Any delegation under paragraph (1) may authorise further delegation of the Directors' functions by any person to whom they are delegated.

COMMITTEES OF DIRECTORS

- 1) Two or more Directors are a "committee" if the Directors have:
 - delegated any of the Directors' functions to them;
 - and
 - indicated that they should act together in relation to that function.
- 2) The provisions of the Articles about how the Directors take decisions shall apply, as far as possible, to the taking of decisions by committees.

PART FOUR: DECISION-MAKING BY DIRECTORS

SCOPE OF RULES

- 1) References in the Articles to decisions of Directors are to decisions of Directors which are connected with their functions.
- 2) Except where the Articles expressly provide otherwise, provisions of the Articles about how the Directors take decisions do not apply:
 - when the Company only has one Director;
 - or
 - to decisions delegated to a single Director.

DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 1) Any decision which the Directors take:
 - a. must be either a unanimous decision or a majority decision;
 - and
 - b. may, but need not, be taken at a meeting of Directors.

UNANIMOUS DECISIONS

- 1) The Directors take a unanimous decision when they all indicate to each other that they share a common view on a matter.
- 2) A unanimous decision need not involve any discussion between Directors.

MAJORITY DECISIONS

- 1) The Directors take a majority decision if:
 - every Director has been made aware of a matter to be decided by the Directors;
 - all the Directors who indicate that they wish to discuss or vote on the matter have had a reasonable opportunity to communicate their views on it to each other;
 - and
 - a majority of those Directors vote in favour of a particular conclusion on that matter.
- 2) Paragraph (1)(a) does not require communication with any Director with whom it is not practicable to communicate, having regard to the urgency and importance of the matter to be decided.
- 3) In case of an equality of votes, the Chair shall have a second or casting vote.
- 4) A Director who is an alternate director shall be entitled in the absence of his appointer to a separate vote on behalf of his appointer in addition to his own vote.
- 5) Except as provided by paragraphs (3) and (4), in all proceedings of Directors each Director must not have more than one vote.

- 6) Directors participating in the taking of a majority decision otherwise than at a meeting of Directors:
 - may be in different places, and may participate at different times;and
 - may communicate with each other by any means.

MEETINGS OF DIRECTORS

- 1) Any Director may call a meeting of Directors.
- 2) Every Director must be given reasonable notice (normally 5 working days) of a meeting of Directors.
- 3) Paragraph (2) does not require notice to be given:
 - in writing;or
 - to Directors to whom it is not practicable to give notice, having regard to the urgency and importance of the matters to be decided, or who have waived their entitlement to notice.
- 4) Directors participating in a meeting of Directors:
 - must participate at the same time, but may be in different places;and
 - may communicate with each other by any means.

CONFLICTS OF INTEREST

- 1) In this article, a “relevant interest” is:
 - any interest which a Director has in;or
 - any duty which a Director owes to a person other than the Company in respect of, an actual or proposed transaction or arrangement with the Company.
- 2) For the purposes of paragraph (1)(a), a Director shall be deemed to have an interest in a transaction or arrangement if:
 - the Director or any partner or other close relative of the Director has an actual or potential financial interest in that transaction or arrangement;
 - any person specified in paragraph (2)(a) is a partner in a firm or limited partnership, or a director of or a substantial shareholder in any Company, which has an actual or potential commercial interest in that transaction or arrangement;

or

- any other person who is deemed to be connected with that Director for the purposes of section 317 of the 1985 Act has a personal interest in that transaction or arrangement.

3) Subject to paragraph (8)(b), a Director who has a relevant interest must disclose the nature and extent of that interest to the other Directors.

4) Subject to paragraphs (5) and (6), when the Directors take a majority decision on any matter relating to a transaction or arrangement in which a Director has a relevant interest:

- no Director who has such a relevant interest may vote on that matter;

and

- for the purposes of determining whether a relevant quorum is present, or whether a majority decision has been taken in relation to that matter, such a Director's participation in the decision-making process shall be ignored.

5) Paragraph (4) does not apply:

- if the Director's interest cannot reasonably be regarded as giving rise to any real possibility of a conflict between the interests of the Director and the Company;

or

- if the Director's interest only arises because the Director has given, or has been given, a guarantee, security or indemnity in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries.

6) The Members may by ordinary resolution 28 decide to disapply paragraph (4), either in relation to majority decisions generally or in relation to a particular decision.

7) Subject to the 1985 Act, if a Director complies with paragraph (3):

- that Director:
 - may be a party to, or otherwise interested in, the transaction or arrangement in which that Director has a relevant interest;

and

- shall not, by reason of being a Director, be accountable to the Company for any benefit derived from that transaction or arrangement; and
- the transaction or arrangement in which that Director has a relevant interest shall not be liable to be treated as void as a result of that interest.

- 8) For the purposes of paragraph (3):
- a general notice given to the Directors that a Director is to be regarded as having a specified interest in any transaction or arrangement shall be deemed to be a disclosure that the Director has an interest in any such transaction or arrangement of the nature and extent so specified; and
 - any interest of which a Director has no knowledge, and could not reasonably be expected to have knowledge, shall be disregarded.

RECORDS TO BE KEPT

- 1) The Directors are responsible for ensuring that the Company keeps a record, in writing, of:
- every unanimous or majority decision taken by the Directors;
- and
- every declaration by a Director of an interest in an actual or proposed transaction with the Company.
- 2) Any record kept under paragraph (1) must be kept:
- for at least ten years from the date of the decision or declaration recorded in it;
 - together with other such records;
- and
- in such a way that it is easy to distinguish such records from the Company's other records.

SPECIFIED NUMBER OF DIRECTORS FOR MAJORITY DECISIONS

- 1) Subject to paragraph (2), no majority decision shall be taken by the Directors unless 30% (the "relevant quorum") participate in the process by which the decision is taken and are entitled to vote on the matter on which the decision is to be taken.
- 2) If the Company has one or more Directors, but the total number of Directors is less than the relevant quorum, the Directors may take a majority decision:
- to appoint further Directors;
- or
- that will enable the Members to appoint further Directors.

CHAIRING OF MAJORITY DECISION MAKING PROCESSES

- 1) The Directors shall appoint a Director to chair the taking of all majority decisions by them.
- 2) If the person appointed under paragraph (1) is for any reason unable or unwilling to chair a particular majority decision-making process, the Directors shall appoint another Director to chair that process.
- 3) The Directors may terminate an appointment made under paragraph (1) or paragraph (2) at any time.

- 4) A Director appointed under this article shall be known as the Chair for as long as such appointment lasts.

DIRECTORS' DISCRETION TO MAKE FURTHER RULES

- 1) Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions.
- 2) The Directors must ensure that any rule which they make about how they take decisions is communicated to all persons who are Directors while that rule remains in force.

DEFECT IN APPOINTMENT

- 1) This article applies if:
 - a decision is taken by the Directors, or a committee of the Directors, or a person acting as a Director;and
 - it is subsequently discovered that a person who, acting as a Director, took, or participated in taking, that decision:
 - i. was not validly appointed as a Director;
 - ii. had ceased to hold office as a Director at the time of the decision;
 - iii. was not entitled to take that decision; or
 - iv. should, in consequence of a conflict of interest, not have voted in the process by which that decision was taken.
- 2) Where this article applies:
 - the discovery of any defect of the kind specified in paragraph (1)(b) shall not invalidate any decision which has been taken by, or with the participation of, the person in relation to whom that defect existed;and
 - any such decision shall be as valid as if no such defect existed in relation to any person who took it or participated in taking it.

PART FIVE: DIRECTORS' APPOINTMENT AND TERMS OF SERVICE

MINIMUM NUMBER OF DIRECTORS

The number of Directors shall not be less than 3 and no more than 10. All Directors must be on the register of members of MADT and must have completed and signed the Board of Directors Nomination Form.

APPOINTMENT OF DIRECTORS

- 1) The first Directors shall be the persons named in the Form 10 upon incorporation.
- 2) Thereafter, Directors may be appointed by decision of the Directors.
- 3) No person may be appointed as a Director:
 - unless that person is a Member and (if that person is an individual) is willing to serve as a Director and has attained the age of 18 years;
 - or
 - in circumstances which, if that person had already been a Director, would have resulted in that person ceasing to be a Director under the Articles.
- 4) No powers to appoint Directors may be given to persons who are not members which immediately after their exercise could result in the majority of the Directors having been appointed by persons who are not Members.
- 5) Directors may be nominated by statutory or voluntary organisations or may stand as an individual.
- 6) A nominating body or Director may designate a suitable person as an Alternate Director who may attend meetings and vote on the Director's behalf. This appointment shall be:
 - for a minimum period of one year
 - and
 - will be reviewed in accordance with provisions of these articles.

TERMINATION OF DIRECTORS' APPOINTMENT

- 1) One third (or the number closest to one third) of Directors must retire at each AGM, those longest in office retiring first and the choice between any of equal service being drawn by lots.
- 2) A person shall cease to be a Director if:
 - that person ceases to be a Member;
 - that person ceases to be a Director by virtue of any provision of the 1985 Act, or is prohibited by law from being a Director;
 - any notice to the Company that that person is resigning or retiring from office as Director takes effect (except that where such resignation or retirement would otherwise lead to the Company having fewer than two Directors, it shall not take effect until sufficient replacement Directors have been appointed);
 - a contract under which that person is appointed as a Director of, or personally performs services for, the Company or any of its subsidiaries

- terminates, and the Directors decide that that person should cease to be a Director;
- is absent from 4 consecutive meetings without prior notification/approval.
 - the Directors decide, at a meeting of Directors, that that person should be removed from office, but such a decision shall not be taken unless the person in question has been given:
 - (i) at least fourteen clear days' notice in writing of the proposal to remove that person from office, specifying the circumstances alleged to justify removal from office; and
 - (ii) a reasonable opportunity of being heard by, or of making representations in writing to, the Directors.
- 3) No powers to remove Directors may be given to persons who are not Members which immediately after their exercise could result in either:
- the majority of the remaining Directors having been appointed by persons who are not Members;
- or
- the number of Directors removed during the financial year of the Company by persons who are not Members exceeding the number of the remaining Directors, but this shall not prevent a Director from appointing, or subsequently removing, an alternate director, if permitted to do so by the Articles.
- 4) Subject to the above articles, Directors are elected to serve for a period of three years. Continuing Directors will retire from their allotted role each year at the start of the Board meeting immediately following the AGM. That Board meeting will be chaired by the retiring Chair if present and willing (or else by the longest serving Board member willing to undertake the role) until Board roles have been assigned for the year ahead.

DIRECTORS' REMUNERATION AND OTHER TERMS OF SERVICE

- 1) Subject to the 1985 Act, the Articles, the Company satisfying the community interest test, and any resolution passed under paragraph (2), the Directors may decide the terms (including as to remuneration) on which a Director is to perform Directors' functions, or otherwise perform any service for the Company or any of its subsidiaries.
- 2) The Members may by ordinary resolution limit or otherwise specify the remuneration to which any Director may be entitled, either generally or in particular cases.

DIRECTORS' EXPENSES

- 1) The Company may meet all reasonable expenses in accordance with currently accepted rates, which the Directors properly incur in connection with:
 - the exercise of their functions;

or

 - the performance of any other duty which they owe to, or service which they perform for, the Company or any of its subsidiaries.

PART SIX: MEMBERS

APPOINTMENT OF MEMBERS

- 1) The subscribers to the Memorandum are the first Members of the Company.
- 2) Such other persons as agree to become Members of the Company, whose names are entered in the register of Members, and who are admitted to membership in accordance with the Articles, shall be Members of the Company.
- 3) No person shall be admitted as a Member of the Company unless he, she or it is approved by the Directors.
- 4) Every person who wishes to become a Member shall execute and deliver to the Company an application for membership in such form (and containing such information) as the Company requires.
- 5) The Directors from time to time shall be the only Members of the Company.

TRANSFER AND TERMINATION OF MEMBERSHIP

- 1) Membership is not transferable to anyone else.
- 2) Membership is terminated if:
 - the Member dies, ceases to exist or resigns as a Member;or
 - otherwise in accordance with the Articles.

PART SEVEN: GENERAL MEETINGS (MEETINGS OF MEMBERS)

ANNUAL GENERAL MEETING

- 1) Unless the Company has elected to dispense with the need to hold an annual general meeting by passing an elective resolution 37 (and that elective resolution remains in effect), the Company shall hold an annual general meeting:
 - within 18 months of the Company's date of incorporation and afterwards once in each calendar year (provided that not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next);and
 - at such date, time and place as the Directors shall determine.

OTHER GENERAL MEETINGS

The Directors may decide to call a general meeting at any time.

NOTICE

- 1) Notice of general meetings shall be given to every Member, the Directors and the Company's auditors (if any) using a designated email provided for this purpose by the Members, Directors and the Company's auditors (if any).
- 2) All general meetings shall be called by at least 14 clear days' notice with the details displayed on the company's web site.
- 3) Every notice calling a general meeting shall specify:
 - the place, date and time of the meeting;
 - and
 - the general nature of the business to be transacted.
- 4) In the case of an annual general meeting, the notice shall specify that the meeting is an annual general meeting.
- 5) If a special resolution is to be proposed, the notice shall contain a statement to that effect and set out the text of the special resolution.

QUORUM

- 1) No business shall be transacted at any general meeting unless a quorum is present.
- 2) The quorum for a general meeting shall be 5 Members present in person (or, in the case of a corporate Member, by its duly appointed representative) and entitled to vote on the business to be transacted.
- 3) If a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned for a minimum of seven days until such time as the Directors determine.

CONDUCT OF BUSINESS - GENERAL

- 1) The Chair or, in the absence of the Chair, Vice-Chair or some other Director chosen by the Directors and Members shall preside as chair of the general meeting.
- 2) The chair:
 - may adjourn the meeting from time to time and from place to place, with the consent of a meeting at which a quorum is present;
 - and
 - shall do so if so directed by the meeting or in accordance with the Articles.
- 3) No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.
- 4) When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 5) Except as required by law, all decisions of the Members at a general meeting shall be made by ordinary resolution.

VOTING PROCEDURES

- 1) Every Member present in person or by proxy (or, in the case of a corporate Member, by its duly appointed representative) shall have one vote.
- 2) A person who is not a Member shall not have any right to vote at a general meeting of the Company (except as the proxy or (in the case of a corporate Member) duly authorised representative of a Member).
- 3) Paragraphs (1) and (2) are without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures.
- 4) A declaration by the chair that a resolution has been:
 - carried;
 - carried unanimously, or by a particular majority;
 - lost;or
 - not carried by a particular majority, and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 5) In the case of an equality of votes, the chair shall be entitled to a casting vote in addition to any other vote he or she may have as a Member.
- 6) The proceedings at any general meeting shall not be invalidated by reason of any accidental informality or irregularity (including with regard to the giving of notice) or any want of qualification in any of the persons present or voting.
- 7) No objection shall be raised to the qualification of any voter except at the general meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chair whose decision shall be final and binding.

MINUTES

- 1) The Directors shall cause minutes to be made, in writing, of all proceedings at general meetings of the Company.
- 2) Any such minute, if purported to be signed by the chair of the meeting, or by the chair of the next succeeding general meeting, shall be sufficient evidence of the proceedings.

PART EIGHT: MISCELLANEOUS

COMPANY SECRETARY

- 1) Subject to the provisions of the 1985 Act, the Directors shall if needed appoint an individual to act as Company Secretary for such term and at such remuneration and upon such other conditions as they may think fit.
- 2) The Directors may decide to remove a person from the office of Secretary at any time.

ACCOUNTS AND REPORTS

- 1) The Directors shall comply with the requirements of the 1985 Act and any other applicable law as to keeping financial records, the audit or examinations of accounts and the preparation and transmission to the Registrar of Companies of annual reports and accounts.
- 2) Subject to paragraph (3), the Company's statutory books and accounting records shall be open to inspection by the Members by arrangement during usual business hours.
- 3) The Company may in general meeting impose reasonable restrictions as to the time at which and the manner in which the statutory books and accounting records of the Company may be inspected by Members.

NOTICES

- 1) Except where the Articles provide otherwise, any notice to be given to or by any person under the Articles shall be in writing to an address for the time being notified for that purpose to the person giving the notice.
- 2) The Company may give any notice to any person under the Articles:
 - in person;
 - by sending it by post in a prepaid envelope addressed to that person at that person's registered address, or by leaving it at that address;
 - by fax or by electronic communication to an address provided for that purpose; or
 - by posting it on a website, where the recipient has been notified of such posting in a manner agreed by that person.
- 3) A person present at any meeting shall be deemed to have received notice of the meeting and, where requisite, of the purpose for which it was called.
- 4) Proof that:
 - an envelope containing a notice was properly addressed, prepaid and posted; or
 - that an electronic communication or fax has been transmitted to the correct address or number, shall be conclusive evidence that the notice was given.
- 5) A notice shall, unless the contrary is proved, be deemed to be given:
 - at the expiration of 48 hours after the envelope containing it was posted; or
 - in the case of a notice contained in an electronic communication or fax, at the expiration of 48 hours after the time it was transmitted.

INDEMNITY

- 1) Subject to the 1985 Act, a Director shall be indemnified out of the Company's assets against any expenses which that Director incurs:
 - in defending civil proceedings in relation to the affairs of the Company (unless judgment is given against the Director and the judgment is final);
 - in defending criminal proceedings in relation to the affairs of the Company (unless the Director is convicted and the conviction is final);
 - in connection with any application for relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company (unless the Court refused to grant the Director relief, and the refusal is final).
- 2) Judgment, conviction or refusal of relief becomes final if the period for bringing an appeal or any further appeal has ended and any appeal brought is determined, abandoned or otherwise ceases to have effect.
- 3) This article is without prejudice to any other indemnity to which a Director may be entitled.

EXPLANATORY NOTES

1 It is no longer possible to form a company limited by guarantee with a share capital (although the formation of such a hybrid form of company was possible under previous companies legislation). If you are considering converting an existing company limited by guarantee with a share capital to a community interest company, you should take independent legal advice. On the different limited company forms available to CICs, see Part 3 of the Regulator's information and guidance notes.

2 Section 33 of the 2004 Act provides that the name of any community interest company which is not a public company must end with either the words "community interest company" or the letters "c.i.c." (or, if the memorandum states that the company's registered office is to be situated in Wales, with the words "cwmni buddiant cymunedol" or the initials "c.b.c.").

3 This model constitution is designed for use by private companies limited by guarantee, all of whose directors are members of the company and all of whose members are directors of the company. It assumes that the directors will take most important decisions as directors rather than as members, and that directors may hold office continuously for long periods of time without offering themselves for re-election. It also allows, subject to certain procedural safeguards, for relatively informal decision-making by directors (including by exchanges of e-mail).

Before deciding to adopt this model constitution for your company, you should (i) read the whole document, and these notes, carefully; and (ii) fill in the spaces left for company specific details (marked by square brackets). If you are in any doubt at all about your requirements, or the meaning of any part of the model constitution, or about how to adapt it to suit the particular requirements of your company, you should take independent legal or other professional advice. No liability for any loss or damage arising from the use of this model constitution will be accepted by the Regulator, his staff or his legal advisors.

4 For general guidance on the memorandum of association, see Part 5 of the Regulator's information and guidance notes. If you are an existing company wishing to become a community interest company, you will need to amend your memorandum as appropriate, rather than substituting a completely new memorandum.

5 Depending on the actual location of the company's registered office, the memorandum must state that the company's registered office is in England and Wales, Wales or Scotland.

6 On the specification of the company's objects, see Part 5 of the Regulator's information and guidance notes.

7 On limited liability, see Part 3 of the Regulator's information and guidance notes.

8 On guarantees generally see Chapter 3.2 of the Regulator's information and guidance notes.

9 For illustration, space for two subscribers (the usual minimum number) has been supplied here. There is no upper limit to the number of subscribers and further entries may be added as appropriate. There is no need for all those who wish to become Members to subscribe to the Memorandum: they can become Members and be entered in the register of Members after the company has been formed. However, since this model constitution assumes that all Members are also Directors, all Members will also have to be validly appointed as Directors in one of the ways specified in article 19.

10 On articles of association generally, see Part 5 of the Regulator's information and guidance notes. If you are an existing company wishing to become a community interest company, there is no need to adopt completely new articles, but you must comply with the requirements of the Regulations by including (in the case of a company limited by guarantee without a share capital) the provisions set out in Schedule 1 to the Regulations in the memorandum or the articles of your company.

11 This definition, like the definitions of "community" (see article 2(2)), "Charity", "Regulator", "Scottish charity" and "transfer" (see article 2(2)), is taken from paragraph 1(4) of Schedule 1 to the Regulations. In the case of the definition of "asset-locked body", the Schedule 1 definition should itself have been exactly the same as the definition of that term in regulation 2 of the Regulations. The Schedule 1 definition applies to paragraph (2) of article 3,

which reflects paragraph 1(2) of Schedule 1. The regulation 2 definition applies to paragraph (4) of article 3, which reflects regulation 23 of the Regulations. As a result of a word-processing error in the

preparation of the Regulations, where the words “Great Britain” should have appeared in the Schedule 1 definition of “asset-locked body”, the words “the United Kingdom” appear instead. This error will be made good at the first available opportunity (it is expected that the Regulations will be amended to take account of other legislative changes, for example relating to Scottish charities, late in 2005 or early in 2006), but in the meantime it should not have any adverse consequences in practice. It has been suggested that the reference to “the United Kingdom” deprives CICs limited by guarantee of the ability to transfer assets to charities established in Northern Ireland. However, such transfers can still be made under paragraph (2)(b) of article 3.

12 In general, the model articles have been drafted without cross-references, so as to reduce the potential for false cross-references which may arise when companies wish to adopt them in modified form or with different numbering. Where there are cross-references, you will need to check whether they need to be amended when modifying or re-numbering the model articles.

13 Section 96 of the Charities Act defines “charity” as meaning “any institution, corporate or not, which is established for charitable purposes and is subject to the control of the High Court in the exercise of the court’s jurisdiction with respect to charities”.

14 See section 15 of the Electronic Communications Act 2000, which essentially defines an electronic communication as a communication transmitted (a) by means of an electronic communications network (e.g. by e-mail); or (b) by other means but while in an electronic form (e.g. a floppy disk sent by post).

15 See section 22 of the Companies Act 1985. A company’s members are (i) the subscribers to its memorandum; and (ii) every other person who agrees to become a member of the company and whose name is entered in its register of members.

16 Section 1(7) of the Law Reform (Miscellaneous Provisions) Scotland Act 1990 defines a “Scottish charity” as a body to which HM Revenue & Customs “have given intimation, which has not subsequently been withdrawn, that relief will be due under section 505 of the Income and Corporation Taxes Act 1988 in respect of income of the body which is applicable and applied to charitable purposes only, being a body (a) which is established under the law of Scotland; or (b) which is managed or controlled wholly or mainly in or from Scotland”. This definition will be repealed and replaced when section 13 of, and paragraph 5 of Schedule 4 to, the Charities and

Trustee Investment (Scotland) Act 2005 come into force. The Regulations and this model constitution will be amended to reflect the new statutory definition of “Scottish charity” at that time.

17 In essence, section 736 of the Companies Act 1985 states that a company is a subsidiary of another company if that other company (a) holds or controls a majority of the voting rights in it; or (b) is a member of it and has the right to appoint or remove a majority of its board of directors. However, see further section 736 itself and sections 736A and 736B, all as substituted or inserted by section 144 of the Companies Act 1989.

18 On the meaning of “community”, see Chapters 2.3 and 4.4 of the Regulator’s information and guidance notes.

19 See Part 6 of the Regulator’s information and guidance notes. Inclusion of the provisions contained in paragraphs (1), (2) and (3) of article 3 is mandatory, reflecting sub-paragraphs (1) to (3) of paragraph 1 of Schedule 1 to the Regulations.

20 See regulation 23 of the Regulations and Parts 6 and 11 of the Regulator’s information and guidance notes. If the company does not specify that the remaining residual assets are to be transferred to a particular Asset Locked Body, an appropriate recipient will be chosen by the Regulator, in consultation with the company’s directors and members.

21 Note that although this model constitution assumes that all Directors are Members and all Members are Directors, and the Directors are given wide powers, under the Articles (and

company law more generally) there are still some decisions which Members must make as Members (either in general meeting under Part Eight of the Articles or by using the written resolution procedure under the Companies Act 1985). See in general the Companies House guidance booklet, "Resolutions" (available online at <http://www.companieshouse.gov.uk/about/gbhtml/gba7.shtml>).

22 See further articles 5 and 6. Delegation may take the form of, for instance, the Directors giving a managing director general authority to run the company's day to day business, or responsibility for specific matters being delegated to particular directors (e.g. financial matters to a finance director). However, it may be equally appropriate to delegate matters to persons other than Directors (see article 5). In all cases, it is important to remember that delegation does not absolve Directors of their general duties towards the company and their overall responsibility for its management. This means, amongst other things, that Directors must be satisfied that those to whom responsibilities are delegated are competent to carry them out.

23 Private companies are only obliged to have one director. However, article 18 provides that the Company shall not have fewer than two directors. The Company will therefore only ever have one director in exceptional circumstances (e.g. where there are two directors and one dies).

24 For the purposes of taking unanimous decision, directors may indicate their agreement by any means they choose, so long as their views are clear to each other. Note the requirement to keep a distinct written record of all Directors' decisions (article 13).

25 Paragraphs (1)... and (3)-(5) of article 10 reflect paragraph 4 of Schedule 1 to the Regulations, which is required to be included in the memoranda or articles of all community interest companies. Sub-paragraph (5) of paragraph 4 of Schedules 2 and 3 to the Regulations is covered by articles 2(1)(a) and 2(2)(b).

26 Article 10(6) is designed to facilitate the taking of decisions by directors following discussions in the form of, for example, e-mail exchanges copied to all the directors or telephone conference calls in which they all participate: the essential requirement is that expressed in article 10(1)(b), that all the directors who indicate that they wish to discuss the matter in question have had a reasonable opportunity to communicate their views on it to each other before a majority view is reached. However, note the requirement to keep a distinct written record of all Directors' decisions (article 13).

27 When the directors hold a meeting, they can use e.g. telephone or video conferencing facilities. Note the requirement to keep a distinct written record of all Directors' decisions (article 13).

28 In essence, an ordinary resolution is passed when a simple majority of the members present and entitled to vote at a general meeting vote in favour of a proposal. For further details, see the Companies House guidance booklet, "Resolutions" (available online at <http://www.companies-house.gov.uk/about/gbhtml/gba7.shtml>).

29 You must specify the minimum number of Directors required to take a valid majority decision. The quorum may be fixed in absolute terms (e.g. "three Directors") or as a proportion of the total number of Directors (e.g. "two thirds of the Directors from time to time"). You may even wish to stipulate that particular named Directors, or Directors representing particular stakeholder interests, must be present to constitute a quorum. In any event, it is recommended that the quorum should never be less than half of the total number of Directors.

30 Directors could facilitate the appointment of directors by Members by calling a general meeting.

31 A larger minimum number may be inserted if appropriate.

32 Paragraph (4) of article 19 must be included under the Regulations (it reflects paragraph 3(2) of Schedule 1 to the Regulations).

33 Paragraph (2) of article 20 is a mandatory requirement, reflecting paragraphs 3(3)-(4) of Schedule 1 to the Regulations. However, the model constitution does not provide for the appointment of alternate directors.

34 See the guidance on directors' remuneration in Part 10 of the Regulator's information and guidance notes.

35 Inclusion of the provisions of paragraphs (1) to (4) of article 23 is mandatory (reflecting paragraphs 2(1)-(4) of Schedule 1 to the Regulations) is mandatory. Directors should ensure that the information to be included on an application form includes all the information which will be required to fill in Companies House Form 288a on the appointment of the new Member as a Director (see <http://www.companieshouse.gov.uk/forms/generalForms/288A.pdf>)

36 Inclusion of the provisions of article 24 (reflecting sub-paragraphs (5) and (6) of paragraph 3 of Schedule 1 to the Regulations), is mandatory.

37 Elective resolutions may be passed by private companies under section 379A of the Companies Act 1985 (which sets out the procedure for passing such resolutions: see also the Companies House guidance booklet, "Resolutions", available online at <http://www.companies-house.gov.uk/about/gbhtml/gba7.shtml>). Amongst other things, an elective resolution can, while it is in force, relieve a private company of the obligation to hold an annual general meeting.

38 In essence, a special resolution is passed when three quarters of the members present and entitled to vote at a general meeting vote in favour of a proposal. See the Companies House guidance booklet, "Resolutions" (available online at <http://www.companies-house.gov.uk/about/gbhtml/gba7.shtml>).

39 You must specify how many Members are required to be present to hold a valid general meeting. The quorum may be fixed in absolute terms (e.g. "four Members") or as a proportion of the total number of Members (e.g. "three quarters of the Members from time to time"). You may even wish to stipulate that particular named Members, or Members representing particular stakeholder interests, must be present to constitute a quorum. In any event, it is recommended that the quorum should never be less than half of the total number of Members.

40 For example, a special resolution is required to alter a company's articles.

41 Inclusion of the provisions of paragraphs (2) and (3) (reflecting paragraph 3(1) of Schedule 1 to the Regulations) is mandatory.

42 See the Companies House guidance booklet, "Accounts and Accounting Reference Dates" (available online at <http://www.companies-house.gov.uk/about/gbhtml/gba3.shtml>). On the annual community interest company report, see Part 9 of the Regulator's information and guidance notes.