

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 22ND OCTOBER, 2003

REPORT OF CHIEF EXECUTIVE

**This matter is the responsibility of the Executive Councillor for Leisure,
Councillor Mrs. D. S. Bradley**

**LEISURE TRUST – APPROVAL OF MEMORANDUM AND ARTICLES OF
ASSOCIATION OF TONE LEISURE AND PROGRESS UPDATE**

1. Executive Summary

- 1.1. This report seeks the approval of the Executive to the Memorandum and Articles of Association of Tone Leisure (South West). It also provides a brief update on progress towards the transfer of our leisure assets to Tone Leisure in January 2003.

2. Memorandum of Association

- 2.1. The Memorandum of Association of Tone Leisure (South West), essentially, sets out the Objects of the Company, their Powers and how they may use the income and property of the Company.

3. Articles of Association

- 3.1. The Articles of Association deal broadly with the Rules of the Company and with Trustee and Member issues. It covers the make up of the Board, the holding and proceedings at General Meetings, the appointment of and roles and responsibilities of Trustees and various procedural issues.

4. Key Issues arising for the Council

- 4.1. A copy of both documents are attached at Appendix 1. Once agreed by the Council, they will be considered by the Shadow Board of the Trust, in conjunction with their legal advisers.
- 4.2. Key points to note are:-
- 4.2.1. These are the constitutional documents of the Trust.
- 4.2.2. They govern how the Trust will do business.
- 4.2.3. They have been drafted so as to be broadly acceptable to the Charities Commission. This is in anticipation of submission by the Trust for Charitable Status at a future point in time.

4.2.4. They provide for a high standard of probity which should give comfort to the Council.

4.2.5. Every Trustee is bound to put the interests of the Trust first. The Council will be able to nominate Member Trustees and they will need to be mindful of these constitutional documents.

4.2.6. They have been drafted by and approved by the Council's own external legal advisers.

5 . General Progress Update

Key Documentation

5.1. Much progress has been made by the project team and our external advisers on key documents including the Head Lease, Transfer Agreement and Funding Agreement.

5.2. There are still elements of detail to be completed and some substantive issues to be resolved which are detailed in the next paragraph.

6. Outstanding Issues

6.1. *Pensions*

6.1.1. The County Council are considering a change of policy prior to our transfer which would require this Council to fund a bond as part of the application by the Trust to gain admitted body status to the pension fund.

6.1.2. We are currently looking at options in terms of companies prepared to provide the necessary bond and alternative arrangements should the cost prove prohibitive. A verbal update will be given at the meeting.

6.2. *Facilities*

6.2.1. The County Council has agreed, in principle, to the sub-lease of Wellsprings to the Trust. However, the detail of the agreement is yet to be resolved.

6.2.2. The Council has given 6 months notice of its intention to withdraw from the running of Castle Sports Centre by 31st March, 2004. However, we would hope to agree an earlier disengagement period with the parties involved to align the Notice period with the commencement of the Trust in January 2004. If that is not possible, the Trust will need to run the facility for up to 3 months.

6.3. *Formation of the Company*

6.3.1. It is essential that a target of mid-November is achieved to ensure that Wellsprings staff can be employed by the Trust rather than the Council in the run up to opening.

6.3.2. If the Memorandum and Articles are agreed by all parties by the end of this month, this is achievable.

6.4. ***Business Plan and First Year's Grant***

6.4.1. The first draft of the Trust Business Plan has been produced. However, more work is required to reflect the final details of the landlord/tenant maintenance and improvement responsibilities, the Service Level Agreements, the modelling commissioned to assess impact of the opening of Wellsprings on the Business Plan for Blackbrook and the analysis of the changes in the external market.

6.4.2. All of these factors mean that it is premature for me to give an indication at this stage of the likely level of grant required for the first fifteen months.

7. **Final Council Approval**

7.1. The intention is to resolve the outstanding issues prior to the next meeting of the Executive to allow us to bring all of the remaining key documents to you for approval. If this proves impossible a special meeting of the Executive prior to Full Council in December may be required.

7.2. Full Council will be asked in December to approve the first year's grant. The Council will effectively be agreeing part of the 2004/05 budget ahead of full consideration of the total budget proposals. In future years Business Planning for the Trust and approval of the Council's budget will be aligned.

8. **Impact on Corporate Priorities**

8.1. The creation of the Leisure Trust impacts on Health and Delivery.

9. **Recommendations**

It is recommended that:-

9.1. The Executive approves the Memorandum of Association.

9.2. The Executive approves the Articles of Association.

9.3. The Executive notes the progress of the project.

Contacts:

Penny James, Chief Executive

Tel. No. 01823 356401

Juliette Dickinson, Head of Commercial Services

Tel. No. 01823 356311

Judith Jackson, Senior Solicitor

Tel. No. 01823 356409

Shirlene Adam, Head of Financial Services

Tel. No. 01823 356310

THE COMPANIES ACTS 1985 AND 1989 **APPENDIX 1**

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

MEMORANDUM OF ASSOCIATION
OF
STONE LEISURE (SOUTH-WEST)

Name

1. The Company's name is 'Stone Leisure (South-West)' and in this document it is called 'the Company'.

Registered Office

2. The registered office of the Company is to be situated in England and Wales.

Objects

3. The objects for which the Company is established (and which are referred to in this document as 'the Objects') shall be to undertake for the benefit of the people who live work or study in or visit the Borough of Taunton Deane and its environs:
 - 3.1 the promotion for the public benefit of urban or rural regeneration in areas of social and economic deprivation within the said area or its neighbourhood by all or any of the following means:
 - 3.1.1 the provision of recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances have need of such facilities;
 - 3.1.2 the development of the capacity and skills of those members of the community who are socially or economically disadvantaged in such a way that they are better able to identify and help meet their needs and to participate more fully in society
 - 3.1.3 the promotion of the health and well-being of those in need;
 - 3.1.4 the creation of training and employment opportunities for members of the community who are socially or economically disadvantaged and the provision of workspace, buildings and/or land for use on favourable terms; and

- 3.1.5 the maintenance, improvement or provision of public amenities and the provision of schemes to assist and encourage the use of such amenities by members of the public;
- 3.2 the provision of facilities in the interests of social welfare for recreation and leisure time occupation with the object of improving the condition of life for the said people and to advance the education of the public in leisure and health activities;
- 3.3 the provision or assistance in the provision of facilities for physical activity education and development which will enable and encourage members of the community to play games and sports and thereby to assist in ensuring that due attention is given to the physical education and development of such pupils and students as well as to the development and occupation of their minds and with a view to furthering this object to provide or assist in the provision for the use of such pupils and students of:
 - 3.3.1 games or sports equipment of every kind;
 - 3.3.2 courses, lectures, demonstrations and coaching; and
 - 3.3.3 playing fields or appropriate outdoor or indoor facilities or education;
- 3.4 the provision of or assistance in the provision of recreational and leisure facilities and any associated amenities specially designed or adapted to meet the disabilities and requirements of elderly, disabled (whether mentally or physically), disadvantaged or sick or any persons in need thereof (or their carers) upon terms appropriate to their means;
- 3.5 the provision or assistance in the provision of facilities for staging and rehearsing performances and to educate the public in the arts and all art forms, including music, theatre, film, language, fine arts, local history;
- 3.6 the encouragement of the graphic and plastic arts by all means including the provision of facilities (including studio and exhibition space) for poor artists;
- 3.7 the provision of all types of play services and facilities for children including (but without prejudice to the generality thereof) creche and/or child care, nurseries, play groups, play centres, play buses and 'out of school' facilities and activities for children and young persons and their carers;
- 3.8 the promotion of equal access to facilities and services provided or supported by the Company for persons suffering from any disability or hardship or their carers;
- 3.9 the advancement and provision of education, training, vocational training, re-training, apprenticeships or work experience (particularly, but not exclusively, among unemployed people).

Pursuance of Objects

4. The Objects may only be pursued in a manner and by such means as are lawful and proper for a charity registered in accordance with the law of England and Wales.

Powers

5. In furtherance of the Objects but not further or otherwise the company may exercise the following powers:
 - 5.1 to provide, manage, operate, build and establish theatres, education and research institutions, organisations providing vocational training, arts, libraries, museums, community and cultural activities centres and leisure services and facilities of all kinds including single and multi-purpose buildings, complexes, outdoor areas and public open spaces for the playing and teaching of sports and games of all kinds and the enjoyment of the arts, education, leisure and recreation of all kinds;
 - 5.2 to purchase or otherwise acquire plant, machinery, furniture, fixtures, fittings and all other effects or equipment of every description necessary or convenient or usually or normally used in connection with or for the purpose of all or any of the activities carried on by the Company;
 - 5.3 to make such charges as the Company shall consider fit or provide free of charge any of the services provided by the Company;
 - 5.4 to provide, manage, operate, own, build and establish catering and refreshment services and facilities of all kinds at any arts, sports, library, educational, leisure or community, other location or other facilities provided or operated by the Company;
 - 5.5 to take such steps by personal or written appeals, public meetings or otherwise as may from time to time be deemed expedient for the purpose of procuring contributions to the funds of the Company in the shape of donations, bequests, legacies and gifts of any nature together with subscriptions, sponsorship, grants from governmental, local authority and other such public or charitable sources and any other lawful means whereby the funds and assets of the Company may be augmented, but provided that, in raising funds, the Company shall not undertake any substantial or permanent trading activities other than in the course of the actual carrying out of a primary purpose of the Company and shall conform to any relevant statutory regulations;
 - 5.6 to promote, encourage, assist, participate in, give advice on the formation, operation, management fundraising or obtaining grants and other funds and provide all other services for other charitable associations established or proposed to be established for purposes similar to the objects of the Company;
 - 5.7 to establish and support or aid in the establishment and support of any charitable trusts, companies, associations or institutions and to subscribe or guarantee money for any purposes in any way connected with the Objects or

calculated to further the same;

- 5.8 to acquire, purchase, take on lease or in exchange, hire or otherwise acquire any real or personal property and any rights or privileges which the Company may think necessary or convenient for the promotion of the Objects, and to construct, maintain, improve and alter any buildings or erections necessary or convenient for the work of the Company;
- 5.9 to borrow or raise money for the purposes of the Company on such terms and on such security (subject to such consents as may be required by law) as shall be deemed to be necessary or appropriate;
- 5.10 to sell, let, lend, develop, exchange, lease and accept surrenders of leases, mortgage (subject to such consents as shall be required by law), dispose of or turn to account and manage all or any of the property or assets of the Company as may be thought necessary with a view to the promotion of the Objects;
- 5.11 to co-operate with other persons, charities, voluntary bodies, firms, companies, organisations, central or local government authorities and statutory bodies and to exchange information and advice with them;
- 5.12 to invest the money of the Company not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may be imposed or required by law and, in any case in which the Company shall hold or receive any property which may be the subject of a trust, the Company shall only deal with or invest the same in such manner as is permitted by law having regard to such trusts;
- 5.13 to enter into any arrangements with any government or authority (supreme, municipal, local or otherwise) which may seem conducive to the attainment of the Objects or any of them, and to obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the Company may think desirable and to carry out, exercise and comply with any such charters, decrees, rights, privileges and concessions;
- 5.14 to employ (on a full-time or part-time basis), contract with or otherwise commission or engage (whether as employees, officers, advisors, entrepreneurs or the like) such persons as shall be neither members nor Trustees of the Company and (subject to clauses 6 and 7 of this document) to make such reasonable and necessary arrangements as to conditions of service or contract and provision for superannuation, pensions and the like (for staff and their dependants) as are thought expedient for the promotion and attainment of the Objects;
- 5.15 to draw, make, accept, endorse, discount, execute and issue promissory notes, bills, cheques and other instruments and to operate bank accounts in the name of the Company;

- 5.16 to pay out of the funds of the Company the costs, charges and expenses of and incidental to the formation and registration of the Company;
- 5.17 to provide, manage, operate, organise and promote conferences, seminars, workshops, competitions, exhibitions, shows and other events of all kinds at any location;
- 5.18 to publicise and promote the Objects by the publication and dissemination (whether gratuitously or for payment) of written, audible or audiovisual material of any kind;
- 5.19 to lend money, give credit to, take security for such loans or credit from and to guarantee on behalf of another charity and become or give security for the performance of contracts and obligations by any person or company;
- 5.20 to take any gift of property, whether subject to any special trust or not, for all or any of the Objects;
- 5.21 to subscribe to, become a member of or amalgamate or co-operate with any other charitable organisation, institution, society or body not formed or established for purposes of profit (whether incorporated or not and whether in Great Britain or Northern Ireland or elsewhere) whose objects are wholly or in part similar to those of the Company and which by its constitution prohibits the distribution of its income and property among its members to an extent at least as great as is imposed on the Company by virtue of Clause 6 hereof and to purchase or otherwise acquire and undertake all such part of the property, assets, liabilities and engagements as may lawfully be acquired or undertaken by the Company or any such charitable organisation, institution, society or body; furthermore to transfer all or any part of the property, assets, liabilities and engagements of the Company as may lawfully be transferred to any such charitable organisation, institution, society or body;
- 5.22 to purchase indemnity insurance for the benefit of any trustee or officer of the Company, but provided that such insurance shall be limited in extent as required by clause 7.7
- 5.23 subject to such consents as may be required by law, to compromise, settle, conduct, enforce or resist either in a court of law or by arbitration or any other method of dispute resolution any suit, debt, liability or claim by or against the company; and
- 5.24 to do all such other lawful things as shall further the Objects or any of them or shall be considered likely so to do;

and in exercising such powers the Company shall endeavour to work within a community development approach and in partnership with other bodies to achieve its objects.

Use of income and property

6. The income and property of the Company shall be applied solely towards the promotion of the Objects and no portion thereof shall be paid or transferred (directly or indirectly, by way of dividend, bonus or otherwise by way of profit) to Members of the Company and no trustee shall be appointed to any office of the Company paid by salary or fees or receive any remuneration or other benefit in money or money's worth from the Company.
7. Notwithstanding the provisions of clause 6, nothing in this document shall prevent any payment in good faith by the Company of:
 - 7.1 the usual professional charges for business done by any trustee who is a solicitor, accountant, stockbroker or other person engaged in a profession, or by any partner of his or hers, when instructed by the Company to act in a professional capacity on its behalf, but provided that at no time shall a majority of the trustees benefit under this provision and that a trustee shall withdraw from any meeting at which his or her appointment or remuneration, or that of his or her partner, is under discussion;
 - 7.2 reasonable and proper remuneration for any services rendered to the Company (other than by reason of acting as a trustee) by any member, officer or servant of the Company;
 - 7.3 interest on money lent by any member or trustee of the Company at a reasonable and proper rate per annum not exceeding 2% less than the published base lending rate of a clearing bank to be selected by the trustees;
 - 7.4 fees, remuneration or other benefit in money or money's worth to any company of which a trustee shall also be a member, but provided that at no time shall a majority of the trustees benefit under this provision and that a trustee shall withdraw from any meeting at which his or her appointment or remuneration, or that of his or her partner, is under discussion;
 - 7.5 reasonable and proper rent for premises demised or let by any trustee;
 - 7.6 reasonable out-of-pocket expenses incurred by any trustee in the performance of their duties; or
 - 7.7 any premium in respect of any indemnity insurance to cover the liability of trustees and any officer of the Company which by virtue of any rule of law would attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Company, but provided that any such insurance shall not extend to any claim arising from any act or omission which any trustee or officer of the Company knew to be a breach of trust or breach of duty or which was committed in reckless disregard of whether or not it was a breach of trust or breach of duty.

Limited liability

8. The liability of the members is limited.

Amendment of Memorandum

9. No amendment shall be made to clause 3 of this Memorandum without a vote of seventy-five per cent of members of the Company voting at a General Meeting of which fourteen clear days' prior notice has been given, such notice to include details of the change(s) to be proposed at that meeting.

Winding up

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

11. If the Company is wound up or dissolved and after all its debts and liabilities have been satisfied there remains any property it shall not be paid to or distributed among the members of the Company, but shall be given or transferred to any company, organisation or association having objects similar to the Objects (and which prohibits the distribution of its or their income and property to an extent at least as great as is imposed on the Company by the terms of this document) chosen by the members of the Company at or before the time of dissolution, and if that cannot be done then to some charitable object similar to those of the Company.

We, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum.

1.

2.

Dated the day of 2003

Witness to the above signatures:

Name:

Address:

Occupation:

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION
OF
TONE LEISURE (SOUTH-WEST)

Interpretation

1. In these Articles:

‘the Act’ means the Companies Act 1985;

‘these Articles’ means these Articles of Association of the Company;

‘clear days’ in relation to a period of notice means the period excluding the day on which 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;

‘the Company’ means the company intended to be regulated by these Articles;

‘executed’ includes any mode of execution;

‘local authority person’ means a person who is associated with a local authority within the meaning of Section 69(5) of the Local Government and Housing Act 1989;

‘the Memorandum’ means the Memorandum of Association of the Company;

‘Office’ means the registered office of the Company;

‘Seal’ means the common seal of the Company if it has one;

‘Secretary’ means the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

‘the Trustees’ means the trustees of the Company (and ‘Trustee’ has a corresponding meaning);

‘the United Kingdom’ means Great Britain and Northern Ireland; and

words importing the masculine gender only shall include the feminine gender.

2. Subject as aforesaid, words or expressions contained in these Articles shall, unless the context requires otherwise, bear the same meanings as in the Act.
3. Any reference to any Act of Parliament shall include any statutory modification or re-enactment thereof for the time being in force.

Members

4. The subscribers to the Memorandum, the Trustees and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company.
5. Subject to Article 4*, no person shall be admitted as a member of the Company unless his application for membership is approved by the Trustees.
6. The Trustees may not admit to membership:
 - 6.1 any local authority person, save where the admission of such person would not result in the total number of members who are Local Authority Persons being 20% or more of the total membership
 - 6.2 any body corporate falling within the definition of a company controlled by a local authority contained in section 68(1) of the Local Government and Housing Act 1989 or that of a company subject to local authority influence contained in section 69(1) of the said Act; or
 - 6.4 any local authority.

Resignation and expulsion of members

7. A member shall cease to be a member if he:
 - 7.1 resigns in by giving notice in writing to the Secretary (provided that after such retirement the number of members is not less than five); or
 - 7.2 fails to pay any subscription due in respect of membership within three months of its falling due; or
 - 7.3 is expelled from membership in accordance with Article 9*; or
 - 7.4 is the nominee of an unincorporated organisation and that organisation replaces him as its nominee or is wound up; or
 - 7.5 being an individual, dies; or
 - 7.6 being a corporate body, is wound up or goes into liquidation; or

- 7.7 being an individual, becomes a Local Authority Person (save where this would not result in the total number of members who are Local Authority Persons being 20% or more of the total membership).
8. In the event of an individual who is the nominee of an unincorporated organisation ceasing to be a member pursuant to Article 7.4*, the nominating organisation may with the express consent of the Board of Trustees nominate another individual to membership in her/his place.
9. A member may be expelled by a resolution carried by the votes of not less than two-thirds of the members present in person at an annual or a special general meeting of the Company of which notice has been duly given, provided that a complaint in writing of conduct detrimental to the interests of the Company has been sent to them by order of the Board not less than one calendar month before the meeting. Such complaint shall contain particulars of the conduct complained of and shall call upon the member to answer the complaint and to attend the meeting called under this Article. At such meeting the members shall consider evidence in support of the complaint and such evidence as the member may wish to place before them. If on due notice having been served upon them the member fails to attend the meeting the meeting may proceed in his absence if the members present so decide by a simple majority of those present at the meeting.
10. A person expelled from membership shall cease to be a member from the date on which the resolution to expel them was carried under the preceding Article.
11. No person who has been expelled from membership shall be re-admitted except by a resolution carried by the votes of two-thirds of the members present in person and voting on a poll at any general meeting of which notice has been duly given.

General Meetings

12. The Company shall hold an annual general meeting each year in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next, but provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation it need not hold it in the year of incorporation or in the following year. The annual general meeting shall be held at such times and places as the Trustees shall appoint. All general meetings other than annual general meetings shall be called extraordinary general meetings.
13. The Trustees may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Trustees to call a general meeting, any Trustee or any member of the Company may call a general meeting.

Notice of General Meetings

14. An annual general meeting and an extraordinary general meeting called for the

passing of a special resolution appointing a person as a Trustee or at which a resolution in respect of which special notice has been given to the Company is to be moved shall be called by at least 21 clear days notice. All other extraordinary general meetings shall be called by at least 14 clear days notice. Without prejudice to the foregoing, a general meeting may be called by shorter notice if it is so agreed:

- 14.1 in the case of an annual general meeting by all the members entitled to attend and vote; and
 - 14.2 in the case of any other meeting by a majority in number of members having the right to attend and vote, such majority together holding a proportion of the total voting rights at such meeting being not less than 95% (or such other percentage as the Company may by elective resolution and in accordance with the Act determine).
15. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.
 16. The notice shall be given to all the members and to the Trustees and the auditors.
 17. The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

Proceedings at General Meetings

18. No business shall be transacted at any meeting unless a quorum is present. Unless otherwise decided by the Company in general meeting, three persons entitled to vote upon the business to be transacted, each being a member or a duly authorised representative of a member organisation, or one quarter of the total number of such persons for the time being, whichever is the greater, shall constitute a quorum.
19. If a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Trustees may determine.
20. The chair (if any) of the Trustees or in his absence some other Trustee nominated by the Trustees shall preside as the chair of the meeting, but if neither the chair nor such other Trustee (if any) be present within 15 minutes after the time appointed for holding the meeting and willing to act the Trustees present shall elect one of their number to chair the meeting and, if there is only one Trustee present and willing to act, he shall chair the meeting.
21. If no Trustee is willing to act as the chair, or if no Trustee is present within 15 minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number (who shall not be a local authority person) to chair the meeting.

22. A Trustee shall, notwithstanding that he is not a member, be entitled to attend and speak (but not to vote) at any general meeting.
23. The chair may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more at least 7 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, but otherwise it shall not be necessary to give any such notice.
24. Subject to Articles 25*, 33*, and 35*, each member shall have one vote.
25. In the event of the number of members who are local authority persons representing 20% or more of the total number of members present and entitled to vote ('the Total'), such member or members shall either not be entitled to vote or, if the Total would permit one or more of them to vote without in the aggregate representing 20% or more of the Total they shall be required to decide amongst themselves (by whatever means they shall think fit) which one or more shall be entitled to vote. In default of unanimous agreement declared as such by such members to the chair of the meeting within fifteen minutes of the question being raised, none of such members shall be entitled to vote.
26. A resolution put to the vote of a meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
 - 26.1 by the chair; or
 - 26.2 by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting or by 15 members (whichever shall be the lesser number).
27. Unless a poll is duly demanded, a declaration by the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
28. The demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chair. The withdrawal of a demand for a poll shall not invalidate the result of a show of hands declared before the demand for the poll was made.
29. A poll shall be taken as the chair directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the results of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
30. In the event of an equality of votes, whether on a show of hands or on a poll, the chair

shall not have a second or casting vote and the resolution shall be deemed to have been lost.

31. A poll demanded on the election of a chair or on a question of adjournment shall be taken immediately. A poll demanded on any other question shall be taken either immediately or at such time and place as the chair directs not being more than 30 days after the poll is demanded. The demand for a poll shall not prevent continuance of a meeting for the transaction of any business other than the question on which the poll is demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
32. In all cases at least 7 clear days' notice shall be given to all members (whether or not present in person at the meeting at which the poll has been demanded) specifying the time and place at which the poll is to be taken.

Votes of Members

33. A member shall be entitled to appoint another member to be his proxy to vote for or against (or to abstain from voting on) a resolution to amend or replace the Memorandum or these Articles but such proxy shall not be allowed a discretion as to the use of such vote. Any proxy shall be in such form as the Company may from time to time prescribe, shall specify the voting instructions given to the proxy holder and shall be lodged at the Office not later than 48 hours before the time specified for the commencement of the meeting at which it is to be used. Save as provided in this Article, a member shall not be entitled to appoint another person to vote as his proxy.
34. No objection shall be raised to the qualification of any voter except at the 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 conclusive.
35. Any member who (or whose spouse, parent or child) is materially interested, or financially interested, or who has any conflict or duality of interest personally or as a member of a firm, or as a director or other officer of a company, bank or building society, or in any way whatsoever in any contract, arrangement or other transaction about to be discussed by the Company, shall disclose their interest and not vote upon the matter under discussion, nor (unless requested so to do by the other members of the Company) remain during the discussion of such matter, and, if by inadvertence they do remain and vote, their vote shall not be counted.

Trustees

36. The minimum number of Trustees (including any ex officio Trustee and any co-opted pursuant to Article 43*) shall for the period of three months from the date of incorporation of the Company be not less than two and thereafter shall be not less than seven and the maximum number of Trustees shall not at any time be more than fifteen.

Powers of Trustees

37. Subject to the provisions of the Act, the Memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Trustees who may exercise all the powers of the Company. No alteration of the Memorandum or the Articles and no such direction shall invalidate any prior act of the Trustees which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Trustees by the Articles and a meeting of Trustees at which a quorum is present may exercise all the powers exercisable by the Trustees.
38. In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the Articles, the Trustees shall have the powers to expend the funds of the Company in such manner as they shall consider most beneficial for the achievement of the Objects, to invest in the name of the Company such part of the funds as they may see fit, to expend the proceeds of any such investment in furtherance of the Objects and to enter into contracts on behalf of the Company.

Appointment and retirement of Trustees

39. No person may be elected or nominated as a Trustee:
- 39.1 unless he is a member of the Company
 - 39.2 if he is an employee of the Company or any of its subsidiary or associated companies, save where the election of such person will not result in the aggregate number of Trustees who are employees exceeding two members of the Board of Trustees;
 - 39.3 if he is a local authority person, save where the election of such person will not result in the aggregate number of Trustees who are local authority persons exceeding 19% of the membership of the Board of Trustees or two (whichever is the smaller);
 - 39.4 unless he has attained the age of 18 years; or
 - 39.5 in circumstances such that, had he already been a Trustee, he would have been disqualified from acting pursuant to Article 47*;
40. No person shall be proposed for election as a Trustee unless such person shall be proposed by notice in writing by no less than three members of the Company. Such notice shall contain the particulars of that person which would, if he were so appointed, be required to be included in the Company's register of Trustees and sufficient information to demonstrate such person's satisfaction of any criteria for the selection of Trustees specified in any rules made pursuant to Articles 70* or 72*. Such notice shall be countersigned by the candidate as an acknowledgement of his willingness to accept office if elected.

41. The Chief Executive or Managing Director of the Company (by whatever title described) shall be a Trustee ex officio.
42. At the second and each subsequent annual general meeting one third of the elected Trustees or such number of elected Trustees as is nearest to one third shall retire and shall immediately be eligible for re-election without nomination in accordance with Article 40*. The elected Trustees to retire shall be those who have been in office for the longest period since their most recent election, and if more than one third shall have been elected on the same date those to retire shall be selected by the Board of Trustees by lot.
43. Subject to the provisions of Article 36*, the Trustees may co-opt not more than three additional Trustees to serve as such for such period (not exceeding two years) as the Trustees shall determine. No person who would not be eligible for election as a Trustee shall be eligible for co-option. A co-opted Trustee shall be entitled to vote at meetings of the Board of Trustees.

The Chair of the Board of Trustees

44. At their first meeting and at their next meeting after each annual general meeting of the Company the Trustees shall elect a Chairperson from amongst their own number. Any officer so appointed may be removed or replaced by a majority vote of the Board of Directors at any time, or by a majority vote of the members at a extraordinary general meeting the notices for which specified that the matter was to be raised. No Local Authority Person or employee of the Company shall be eligible for election as Chairperson.
45. The chair of the Board of Trustees shall not have a second or casting vote.
46. No Trustee shall serve as chair of the Board of Trustees for a period or periods amounting in the aggregate to six years in the preceding seven years.

Disqualification and removal of Trustees

47. A Trustee shall forthwith cease to hold office if he:
 - 47.1 ceases to be a Trustee by virtue of any provision in the Act or would be disqualified from acting as a Trustee by virtue of Section 72 of the Charities Act 1993;
 - 47.2 becomes incapable by reason of mental disorder, illness or injury of managing and administering his own affairs;
 - 47.3 resigns his office by notice to the Company (but only if at least two Trustees will remain in office when the notice of resignation is to take effect);
 - 47.4 is absent without the permission of the Trustees from three successive meetings held within a period of twelve months and the Trustees resolve that his office be vacated;

- 47.5 becomes a local authority person and by reason thereof the limit on the number of Trustees who are permitted to be local authority persons contained in Article 39(3)* is breached;
- 47.6 before the date of the first Annual General Meeting of the Company becomes an employee of the Company or any of its subsidiary or associated companies and by reason thereof the limit on the number of Trustees who are permitted to be such employees contained in Article 39(2)* is breached; or
- 47.7 has held office as a Trustee (whether elected or co-opted) for a period or periods amounting in the aggregate to six years in the preceding seven years.

Trustees' expenses and appointments

- 48. The Trustees may be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Trustees or committees of Trustees or general meetings or otherwise in connection with the discharge of their duties, but shall otherwise be paid no remuneration except as provided in Clause 7 of the Memorandum.

Trustees' Appointments

- 49. Except to the extent permitted by Clause 7 of the Memorandum, no Trustee shall take or hold any interest in property belonging to the Company or receive remuneration or be interested otherwise than as a Trustee in any other contract to which the Company is a party.

Proceedings of Trustees

- 50. Subject to the provisions of these Articles, the Trustees may regulate their proceedings as they think fit. A Trustee may, and the Secretary at the request of a Trustee shall, call a meeting of the Trustees. It shall not be necessary to give notice of a meeting to a Trustee who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes. Each Trustee shall (subject to Articles 54* and 58*) have one vote.
- 51. The quorum for the transaction of the business of the Trustees may be fixed by the Trustees, but shall not be less than 50% of the Trustees present in person.
- 52. The Trustees may act notwithstanding any vacancies in their number, but, if the number of the Trustees is less than the number fixed as the quorum, the continuing Trustees or Trustee may act only for the purpose of requesting any member to fill any vacancy or of calling a general meeting.
- 53. Upon any Trustee becoming a local authority person such Trustee shall (at the discretion of a simple majority of the remaining Trustees and without prejudice to any other Article) cease to have any rights to vote and shall not be counted in reckoning whether a quorum is present at any meeting of the Trustees.
- 54. No Trustee who is a local authority person shall be entitled to vote at any time during

any meeting of the Trustees if the aggregate number of Trustees who are local authority persons shall not constitute less than 20% of the total number of Trustees present in person at such time. Provided that the number of local authority persons thereby permitted to vote shall constitute less than 20% of the total number of Trustees present at such meeting, those Trustees who are local authority persons may agree among themselves which persons from among their number shall be entitled to vote at such meeting. In default of unanimous agreement declared as such by such Trustees to the Chair of the meeting within fifteen minutes of the question being raised, none of such Trustees shall be entitled to vote.

55. The Trustees may delegate any of their powers (other than the power to make Rules pursuant to Article 70* to any committee of the Trustees. The constitution and proceedings of any such committee shall be regulated by Rules made pursuant to Article 70* (but provided that such Rules shall include provisions to the same effect as those contained in Articles 53* and 54*) and the Trustees shall in addition have power to establish one or more advisory committees consisting of such number of Trustees and other persons as they shall think fit.
56. A resolution in writing, signed by all the Trustees entitled to receive notice of a meeting of the Trustees, shall be as valid and effective as if it had been passed at a meeting of the Trustees duly convened and held. Such a resolution may consist of several documents in the same form, each signed by one or more of the Trustees.
57. All bank accounts shall be operated either as specifically authorised by the Trustees or in accordance with any Rules made pursuant to Article 70* and shall indicate the name of the Company. The Trustees shall ensure that appropriate security arrangements are maintained.
58. Any Trustee, committee member or co-opted Trustee who (or whose spouse, parent or child) is materially interested, or financially interested, or who has any conflict or duality of interest personally or as a member of a firm, or as a director or other officer of a company, bank or building society, or in any way whatsoever in any contract, arrangement or other transaction about to be discussed by the Board or any committee, shall disclose their interest and not vote upon the matter under discussion, nor (unless requested so to do by the other members of the Board or committee) remain during its discussion of such matter (and shall not form part of the quorum in respect of such matter) and if by inadvertence they do remain and vote, their vote shall not be counted.
59. Any Trustee or co-opted Trustee who has any financial interest as described in the preceding paragraph of this Rule or who has accepted a payment, or the grant of a benefit from the Company, other than as permitted under Clause 7 of the Memorandum, shall vacate their office, either for a period or permanently, if requested so to do by the majority of the remaining Trustees present at a meeting of the Board of Trustees convened to consider such request. Any Trustee, committee member or co-opted Trustee who fails to disclose any interest required to be disclosed under Article 58* shall vacate their office either for a period or permanently if requested so to do by majority of the remaining Trustees present at a meeting specially convened for that purpose.

60. Any act done in good faith by a Trustee whose office is vacated as aforesaid shall be valid unless prior to the doing of such act written notice has been served upon the Trustee by the Board and an entry has been made in the Board's minute book stating that such Trustee has ceased to be a member of the Board.

Secretary

61. Subject to the provisions of the Act, the Secretary shall be appointed by the Trustees for such term, at such remuneration (if not a Trustee) and upon such conditions as they may think fit, and any Secretary so appointed may be removed by them.

Minutes

62. The Trustees shall keep minutes in books kept for the purpose of all appointments of officers made by the Trustees and proceedings at meetings of the Company and of the Trustees (including the names of the Trustees present at each such meeting).

Seal

63. The Seal (if any) shall only be used by the authority of the Trustees. The Trustees may determine who shall sign any instrument to which the Seal is affixed and unless otherwise so determined it shall be signed by a Trustee and by the Secretary or by a second Trustee.

Accounts

64. Accounts shall be prepared in accordance with the provisions of Part VII of the Act.

Notices

65. Any notice to be given to or by any person pursuant to these Articles shall be in writing, except that a notice calling a meeting of the Trustees need not be in writing.
66. The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. A member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
67. A member present in person at any meeting of the Company shall be deemed to have received notice of that meeting and, where necessary, of the purposes for which it was called.
68. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.

Indemnity

69. Subject to the provisions of the Act, every Trustee or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

Rules

70. The Trustees may from time to time make such rules or bye-laws as they may deem necessary or expedient or convenient for the proper conduct and management of the Company, and in particular (but without prejudice to the generality of the foregoing) they may by such rules or bye-laws regulate the procedure at general meetings and meetings of the Trustees in so far as such procedure is not regulated by these Articles and specify criteria for the selection of potential Trustees with the intent of optimising the range of skills and experience available to the Company.

71. No rule or bye-law shall be inconsistent with or shall affect or repeal anything contained in the Memorandum or the Articles.

72. The Company in general meeting shall have the power to alter, add to or repeal the rules or bye-laws and the Trustees shall adopt such means as they think sufficient to bring to the notice of members of the Company all such rules or bye-laws, which shall be binding on all members of the Company.

Amendment of Articles

73. No amendment shall be made to any of Articles 25 or 53 without a vote of ninety per cent of members of the Company voting at a General Meeting of which fourteen clear days' prior notice has been given, such notice to include details of the change(s) to be proposed at that meeting.

1.

2.

Dated the day of 2003

Witness to the above signatures:

Name:

Address:

Occupation: