HEATHFIELDS RESIDENTS ASSOCIATION LTD.

ADDENDUM TO MINUTES OF GENERAL MEETING HELD ON 12TH JUNE, 2023

Context: The Minutes of this meeting document the allegations of illegality, malpractice and lack of competence made mainly by one shareholder but also by another against the Company's Board of Directors. While most accusations have been briefly dismissed by the Minutes, this document has been drawn up to provide detailed refutation of the allegations made by reference to the professional advice sought by the Board and to extracts from HM Government's webpages which supports its understanding of the relevant legislation.

Section 20 of the Companies Act 2006 This was quoted against the Board on a number of occasions and was alleged to have covered company meetings, appointment of directors and publication of accounts amongst other matters. Because of the seriousness of the allegations, Mr. Corbet had been asked at the meeting and had agreed to put his objections into print so that they could be forwarded to the solicitor retained by the directors for her specific replies as to the points of law in question. No such formal complaint has been received but the Board considers the accusations so serious that, even without Mr. Corbet's letter, it needs to reassure all shareholders that it acted correctly and with prudence so it has asked the retained solicitor to comment on its understanding of the complaints made by Mr. Corbet. Obviously, the cost of this further advice would have been better value for shareholders had the complainant recorded his comments as he had agreed to do so that there could be no question of the Board misunderstanding all the legal subtleties but he has failed to do this.

Attached to this document is the email response from the retained solicitor, (Annex 1) an extract from the Government's website commentating on Section 20 and Section 21 for further reference, (Annex 2) the same two sections of the relevant Act extracted from the Government's website detailing the exact wording of both Sections. (Annex 3a & 3b)

From these exhibits, the Board accepts that while the old Articles did not require AGMs, they did refer to a table of conditions included in the Companies Act of 1948 which did require AGMs and the circulation of audited financial reports annually. The latter provision has been superseded by later legislation but our solicitor has advised us that for complete compliance with the 1948 legislation, one third of all directors should have stood down each year. As Chairman, I take full responsibility for this oversight and I apologise to Mr. Corbet for this omission.

However, the Board formally rejects Mr. Corbet's numerous other allegations and it invites all shareholders to examine the documents attached to this Addendum so as to satisfy themselves that the directors acted correctly and with due diligence in the preparation of the new Articles. I would also add that it is because of restrictions such as that above which were enshrined in detail embedded in legislation enacted before the vast majority of the company's shareholders were born and before the majority of the houses on the estate were built that your Board considered the old Articles unfit for the governance of the company in today's much changed world.

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New Articles of Association

Ms. Cassidy advised that she had considerable experience in constitutional documentation and was therefore surprised to see references to trustees within the new Articles as the company neither had nor needed trustees. She also reported that there were spelling mistakes within the document.

After the meeting, the Board was able to examine these points fully and it confirms that two letters have been transposed in one word. The Board apologises for this oversight but considers that the meaning of the word remains clear. Trustees are correctly identified twice in the document: firstly reference is made to the acknowledgement by the Articles of the rights of a “trustee in bankruptcy” which is the correct and appropriate title for an individual dealing with the debts and assets of another individual who is declared bankrupt. In the context of the new Articles, such a trustee will assume the rights and obligations of a shareholder in circumstances of the shareholder’s bankruptcy; the second usage of the word confers similar rights to a “trustee of an occupational pension scheme” so that a shareholder may place their individual share into one of a small number of specific pension products, for example, a Small Self Administered Scheme (SSAS.)

Therefore, the term “trustee” is used correctly and appropriately in both cases.

The objections raised by Mr. Corbet and Ms. Cassidy relied on their claims of specialist knowledge and undoubtedly influenced shareholders’ voting at the meeting. The Board is reassured that the criticisms levelled against it are not borne out by the evidence except in a couple of minor details. It will endeavour to continue to improve its performance across all of its areas of activity and to work in the interests of all shareholders and residents.

“Properly and correctly” in context

I had drafted a number of different paragraphs to address this description of how one shareholder, ex Company Secretary and Director assured the meeting that things needed to be managed by HRA and all of my drafts were based on the “compare and contrast” method of essay construction – between the way the company is run now and the way it was run in previous years before Sue and I arrived on the estate.

During my time as a director, I have had occasion to research many facets of the administration of the company and I have discovered evidence that the above description could not be applied to a number of examples of record keeping and performance monitoring. I have kept full details of the most egregious instances of poor management in case any shareholder should require me to prove this point in detail but, for now, I will home in on just one area where the Board’s primary critic cannot contest the vast improvement in performance nor his own role in allowing a totally unsatisfactory situation to develop over a number of years.

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That issue is debt management and I refer to Mr. Corbet's minutes of the AGM held in 2013 (available on the company website) where as Company Secretary he recorded that the unpaid service charges had been allowed to grow to the sum of "some £15,000." This sum actually exceeded the total annual sum due in maintenance charges from every house on the estate. By contrast, as at the time of writing, over 90% of shareholders have paid their fees up to date or are in credit, having paid in advance until the 31st December 2023. I will leave it to shareholders to judge which example better deserves to be described as managing the company's affairs "properly and correctly."