Email from Jennifer Edwards at Lanyon Bowdler LLP To Martin Johnston dated 4July 2023   Annex 1

Further to our previous emails I have now reviewed the queries that have been raised and I have set out my responses below.

It seems that the questions have arisen mainly because of the change from old Table A Articles that are taken from the Companies Act 1985 (which is what your old articles were based on) to the new model articles which are updated under the Companies Act 2006.

1. *Directors re-election:. It is my understanding that directors are not required to put themselves forward for re-election at an AGM, (especially as we do not hold AGMs frequently). His opinion is that this has to be done. Please confirm the legal current status on director election and subsequent re-election.*

Directors are not required to resign and be re-appointed each year – they are appointed and then remain in office until they resign or steps are taken to remove them as a director. The requirement to retire by rotation and be re-elected is an only Table A provision that may have applied when the old articles were in place but is no longer the case now that you have updated the articles to the model articles (as amended in your bespoke version). Retirement by rotation is still a requirement for public limited companies but not for private limited companies such as Heathfields Residents Association Limited.

2. *Accounts: Again, it is my understanding that the annual accounts of private companies do not have to be laid before members at a general meeting, whereas he contradicts this. Advice required.*

This is correct – please see article 50 of the model articles which states that there is no entitlement to inspect the companies accounts by shareholders/members.

3. *AGM: He states that an AGMs must be held annually. I disagree in that private companies do not legally have to hold AGMs, although this is good practice. Again what is the legal position.*

That is correct – there is no longer a requirement to hold an AGM unless it is required by the company's articles of association. The revised articles do not require this as they are based on the new model articles which do not include a requirement to hold and AGM and an express right was not added.

4. *Articles: This is a confusing one. He stated that even though new articles are adopted they cannot overturn the old articles and they must remain extant. This seems perverse as there would be two sets of conflicting and incompatible articles. I know Company memorandums cannot be abolished but surely articles must be rescinded on adoption of new ones. Please advise on this.*

The new Articles replace the old ones entirely. The old Articles remain on the public record as they cannot be removed but the new Articles are the articles that now govern how the company is run.

You also asked whether the resolution adopting the new articles is "published". The new articles take effect from the point that the resolution was passed adopting them (not the date that they were filed at Companies House). The articles are resolution are filed at Companies House and can now be viewed on the public record.

I hope this addresses the queries that have been raised but if there are any others please do let me know.

Kind regards