

UK-CPart10

Articles of Association: property management company

The Companies Act 2006

Memorandum and articles of [company name], a company limited by shares

Company Number: [number]

Incorporated on [date]

Memorandum of association of **[insert company name]**

Each subscriber to this Memorandum of Association wishes to form a company under the Companies Act 2006 and agrees to become a

[].

Name of each subscriber	Authentication by each subscriber

Dated: **[date]**

Articles of Association of [Company name]

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The Companies Act 2006

Company Limited by Shares

Articles of Association

Of

[Company name]

(the "Company")

Part 1

Interpretation and statement of limited liability

1. Defined terms

In these articles, unless the :

"Articles" means the company's articles of association.

"Companies Acts" means the Companies Act 2006 and all subsequent amending legislation and .

"Director" means a director of the company, and includes any person occupying the position , .

"Document" includes, unless otherwise specified, any document sent .

"Fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company .

"Hard copy form" has the meaning given in section 1168 of 2006 .

"Holder"	in relation to shares means the
"Immediate leaseholder"	means the person who if the residential unit is subject to lease is the

"Ordinary resolution" has the meaning 282
2006 .

"Paid" means paid or credited as paid.

"Participate" in relation to a , [12].

“Premises” means the building and land at [enter full address] owned by the company and let to the

“Maintenance and Repair” means, in relation to the Premises, any activity reasonably necessary to

“Residential Unit” means a flat or any

"Shareholder" means a person

"Shares" means shares in the company.

"Special resolution" has the meaning 283

2006 .

"Transmittee" means a person entitled to a share

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2. Construction of articles

Unless the context otherwise requires, other words or expressions contained

.

A reference in these articles to any act or matter relating to the directors shall, at any time ,

.

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3. Liability of members

The liability of the members is

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Part 2 Directors

4. Number of directors

4.1. There shall be [] [] .

4.2. [At all times, the freeholders or](#)

/

.

4.3. No person, other than

,

.

5. Directors' general authority

Subject to these articles, the directors are responsible

6. Shareholders' reserve power

6.1. The shareholders may, by special

6.2. [No such special

].

7. Directors may delegate

7.1. Subject to the articles,

7.1.1 by whatever means

7.1.2 to whatever extent

7.1.3 on whatever terms as they think fit.

For the purpose of this “ ”
,

7.1.4 insurance,

7.1.5 maintenance and repair of the Premises,

7.1.6 banking,

7.1.7 collection of money from the shareholders.

7.1.8 preparation of annual budget estimates,

7.1.9 maintenance of books of accounts / annual accounts,

7.1.10 security of the Premises,

7.1.11 keeping the [/] .

7.2. An individual director may not delegate his power as

7.3. The body of directors may delegate

7.4. The directors may instruct

7.5. The directors may invite the attendance

8. Committees

8.1. The directors may make regulations in relation to the

8.2. Subject to any such regulations, the meetings and procedures

9. Directors to take decisions collectively

9.1. The general rule about decision-making by directors is that any decision

[51]

9.2. A decision may take the form of a resolution in

9.3. A decision may not be taken in

9.4. A decision of the directors on any on

:

9.4.1 any contract between the

;

9.4.2 issue or transfer of shares;

9.4.3 change of name of company;

9.4.4 to take legal action against a shareholder;

9.4.5 [].

9.5. A decision of the directors on any on the following matters must

[80] :

9.5.1 to spend money on any activity or in any

10. Directors' written resolutions

10.1. Any director may propose

.

10.2. A directors' written resolution is adopted when all the directors

:

10.2.1 signed one or more copies of it; or

10.2.2 otherwise indicated their agreement to it in writing.

10.3. A directors' written resolution is not adopted

.

11. Calling a directors' meeting

11.1. Any director may call a

11.2. Notice of any directors' meeting must indicate:

11.2.1 its proposed date and time;

11.2.2 where it is to take place; and

11.2.3 if it is anticipated that directors participating in the meeting

11.3. Written notice of

11.4. Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice

12. Participation in directors' meetings

12.1. Subject to the articles, directors

12.1.1 the meeting has been

12.1.2 they can each communicate to the others

12.2. In determining whether directors are participating in

12.3. If all the directors participating in a meeting are not

13. Quorum for directors' meetings

13.1. At a directors' meeting, unless a quorum

13.2. The quorum for directors' meetings may be fixed from time to time by

[51]

13.3. If the total number of directors for the time being is less than

14. Chairing of directors' meetings

[Keep this paragraph if you

14.1. The directors

14.2. The person so appointed for the

14.3. The directors

14.4. If the chairman is not participating in a directors' meeting within

15. Casting vote

No director shall have a casting vote. In
[],

16. Conflicts of interest

16.1. If a proposed decision of the directors is concerned with an actual or proposed transaction

16.2. Last previous sub article shall not

16.2.1 the company by ordinary resolution dis-applies the

16.2.2 the director's interest cannot reasonably

16.3. For the purposes of this article,

16.4. If a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part

16.5. If at the adjourned meeting the question remains

17. Records of decisions to be kept

The directors must ensure that the company keeps a record, [\[in hard or soft](#)
], 10

18. Methods of appointing directors

18.1. Any shareholder who is willing to act as a director,

18.2. In any case where, as a result of death, the company has no

18.3. For the purposes of sub article 2, where two or

19. Termination of director's appointment

A person :

19.1. that person dies.

19.2. that person ceases to be a director by
2006

19.3. a bankruptcy order is made against that person;

19.4. a composition is made

19.5. a registered medical practitioner who is treating that person gives a
written

;

19.6. notification is received by the company from the

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20. Continuity of right to appoint a director

20.1. In any case where a director ceases in that office, the owner of the

,

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20.2. In any case where the director who ceases

,

:

20.2.1 A person named in his

,

,

,

20.2.2 his next of kin, or

20.2.3

,

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21. Directors' remuneration and expenses

21.1.

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21.2.

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Part 3

Shares and distributions

22. All shares to be fully paid up

22.1.

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22.2.

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23. New shares

23.1.

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23.2. The company shall pay no dividend.

24. Rights and obligations attaching to each share

24.1.

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24.2.

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24.3.

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OR

24.4.

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25. Company not bound by less than absolute interests

26. Share certificates

26.1.

26.2. Every certificate must specify:

26.2.1

;

26.2.2 the nominal value of those shares;

26.2.3 that the shares are fully paid; and

26.2.4 any distinguishing numbers assigned to them.

26.3.

26.4.

27. Replacement share certificates

27.1.

:

27.1.1 damaged or defaced, or

27.1.2 said to be lost, stolen or destroyed,

28. Share transfers

28.1. [,] - [] [3]

28.2.

28.3.

28.4.

28.5.

29. Transmission of shares to transmittee

29.1.

29.2.

29.3.

29.4.

29.5.

Part 4

Decision-making by shareholders

30. Attendance and speaking at general meetings

30.1.

30.2.

30.3.

30.4.

30.5.

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30.6.

313 (1)

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31. Requirement for quorum for general meetings

31.1.

31.2.

[80]

31.3.

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31.3.1

32. Chairing general meetings

32.1.

32.2.

32.2.1 the directors present, or

32.2.2 if no directors are present, the meeting,

32.3.

33. Attendance and speaking by directors and non-shareholders

33.1.

33.2.

34. Adjournment

34.1.

34.2.

:

34.2.1 the meeting consents to an adjournment, or

34.2.2

34.3.

34.4.

:

34.4.1

34.4.2

34.5.

14

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34.5.1

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34.5.2

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34.6.

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35. Voting: general

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36. Poll votes

36.1. A poll on a resolution shall take place:

36.1.1 as provided in last previous article, or

36.1.2

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36.2.

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36.3.

36.4.

37. Additional matters requiring members' consent

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[85]

37.1.

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37.2. to borrow money;

37.3.

;

37.4. / ;

37.5. more

38. Content of a proxy notice

38.1.

(" ") :

38.1.1

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38.1.2

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38.1.3

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;

38.1.4

38.2.

38.3.

38.4.

38.4.1

38.4.2

39. Delivery of proxy notices

39.1.

39.2.

39.3.

39.4.

39.5.

40. Amendments to resolutions

40.1.

40.1.1

48

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40.1.2

40.2.

Part 5

Administrative arrangements

41. Means of communication to be used

41.1.

2006

41.2. .
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It shall be deemed to have been delivered:

:
;
72 ;
-
- : 48
- .

41.3. ,
- ,
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41.4. .
,
,
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42. Joint holders

42.1. ,

42.2.

42.3.

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43. Right to inspect accounts and other records

Explanatory notes:

Articles of Association: property management company

General note

1. General principles of structure

We strongly advise you to consider each article in the light of your intentions over the next several years. You will find it inconvenient and inefficient to change your articles more frequently than every five years or so. So set up now for the structure you think you

2. Balancing interests

These articles have been prepared with a strong bias in favour of unanimity and to prevent a minority of shareholders from effectively taking control of the Building. It is therefore very important that the percentages required for one action or another tie together logically. For example, there is not point in

The balance you choose will reflect the number of units sharing the management company. By the time you get to eight, you are approaching the pint where some sort of delegation is required -

Articles-specific notes

Notes on each of the numbered articles

1. Defined terms

These are the terms used in this document. If you need to use different terms, by all means add them. But make sure no such new term added contradicts any requirement of the Companies Act 2006. In this case

2. Construction of articles

Leave this paragraph in place. You may not intend that there shall ever be only one director but there should be suitable provision

3. Liability of members

This is an absolute fact and you should not edit it

4. Number of directors

These articles are constructed around the proposition that there will be one share per flat owner and that person (or people) can appoint one director. The number you insert here will therefore reflect an emergency

See sub article 3. This is not a requirement of the law but in practice small property management companies do not ()

5. Directors' general authority

We suggest do no edit. This is general provision regarding authority

6. Shareholders' reserve power

Leave these in place.

If you want to restrict the directors or be involved in regulating the company's management in more detail, then it is far more efficient to have a shareholders' agreement to cover in

7. Directors may delegate

Every part of this article may be edited to

We have assumed that the company is a management company and will contract out all maintenance and repairs and other work, then re-
/

Generally, it is far safer to appoint a sufficient numbers of directors to cover any problems with absence. Then there is no opportunity for a

8. Committees

This provision is optional, but very useful if the number of director is large. But there is always a risk that a committee may use its delegated powers to take

9. Directors to take decisions collectively

A meeting does not have to be a meeting! Under the Act a directors' meeting can take place when the directors are in different places. This article authorises a meeting to take place less formally than "around a table". It recognises that "life is too short" to have meetings around

2006

In practice most decisions will be taken without any formal meeting. The question arises as to when a formal meeting is required. This is up

The Act states that all decisions of the directors shall be recorded. That clearly implies that every decision that could realistically be called important, should be recorded. In practice, it will apply only to those decisions which could be challenged by a third party or between directors and

The second area when decisions should be agreed at a meeting and recorded, is any occasion where the directors are likely to disagree. In that case, the majority will want to record that they do have the power resulting from the majority,

We have provided a list of crucial matters requiring ratification by the shareholders. This is also covered in relation

The last sub-article provides a list as requiring ratification. All but the first item required shareholder approval by a

10. Directors' written resolutions

This provision permits a single director to call a formal meeting to raise an issue. A requirement for this will most commonly arise when there is likely to be a difference of opinion among the directors. We strongly advise you to keep it. It is a potential pressure valve to permit disagreements to be aired and discussed.

11. Calling a directors' meeting

This is the alternative and more usual, provision to

Arrangements for a meeting are important because earlier articles allow a meeting to take place while the directors are in different locations. By all means edit to tighten it up,

12. Participation in directors' meetings

We suggest do not edit. It accords

13. Quorum for directors' meetings

We have provided an optional flexibility for the directors to decide what number shall be a quorum, but

A minority shareholder-director may not want important and/or binding decisions to be taken in the absence of himself and friendly colleagues.
51 %

14. Chairing of directors' meetings

Historically, in most companies, small and large, a chairman has been appointed by his colleagues and all of them expect that he will continue as chairman of every meeting. However, that is a misinterpretation of the law. There is no "office" of chairman. You can use the old way and leave your

15. Casting vote

In any company, business will proceed most efficiently if there are an odd number of directors, so that there cannot ever be deadlock. However, in your situation, you have to live with the

16. Conflicts of interest

This article applies to the directors deciding on a transaction in which one of their colleagues has an interest, as well as to the director with the interest. If in

17. Records of decisions to be kept

This is a requirement of the Act. Do not reduce below 10 years. A majority will want to be able to prove they had the legal right

18. Methods of appointing directors

These articles are for a specific purpose. This particular article should be left in place.

The general law does not specify who may appoint a director. In these articles

19. Termination of director's appointment

We have covered all possible situations. We assume no change will be required but edit or delete if you so require. If a director ceases in office, he will

20. Continuity of right to appoint a director

This article provides a practical way to deal with the situation arising when

21. Directors' remuneration and expenses

Due to the administrative and non-trading nature of a property management company, no remuneration is usually paid to them but they may be entitled

22. All shares to be fully paid up

This is sensible for sound accounting

23. New shares

Provisions required because they are different

24. Rights and obligations attaching to each share

Provisions required because they are different

Avoid editing to a fixed sum. It is bound to be

25. Company not bound by less than absolute interests

This is a simple provision but it is important. It prevents a beneficiary under a trust from arriving at the general meeting and insisting that he can vote because he is the beneficial owner of shares. There are circumstances when you might want to allow beneficiaries to vote the

26. Share certificates

Most small private companies do still issue paper certificates because the holder feels more comfortable with something that

However, the signing of certificates by a director

27. Replacement share certificates

We suggest no change.

28. Share transfers

Each share will be owned by a flat owner. It will be a condition of ownership of the flat that the new purchaser or tenant becomes a

29. Transmission of shares

There are three possible classes of transmitters:

- i. executors of a deceased shareholder;
- ii. a trustee in bankruptcy;
- iii. a divorced spouse or civil partner

You must decide what

No person has the power to impose rules or restrictions on a trustee in bankruptcy - particularly

Fortunately, trustees in bankruptcy prefer to

Part 4: Decision-making by shareholders

Part four is about meetings. You will note that these articles do not mention how to call a meeting. That is because the

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“ ”

“ ”

The directors may call general meetings when they wish (CA 2006, sec302) and must call a

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There are statutory rules governing the period of notice that must be given for a meeting (sec307 - sec313). The minimum statutory

14 (),

(90 95 %,

)

(-)

For detail you may visit:

<http://www.legislation.gov.uk/ukpga/2006/46/part/13/chapter/3>

30. Attendance and speaking at general meetings

See sub article 6. This provision in the Act enables a resolution to

31. Requirement for quorum for general meetings

We advise

32. Chairing general meetings

Similar considerations apply

33. Attendance and speaking by directors and non-shareholders

We suggest no change.

34. Adjournment

We have

35. Voting: general

This is entirely optional.

36. Poll votes

We suggest no change.

37. Additional matters requiring members' consent

This article is one of several “back-stops” to make sure no unit holder is disadvantaged by a

85 %

100

38. Content of a proxy notice

A complete

39. Delivery of proxy notices

Law is flexible

40. Amendments to resolutions

We suggest no change.

41. Means of communication to be used

We have included all communication tools allowed under the Act except fax.

()

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42. Joint holders

A technical point

43. Right to inspect accounts and other records

Each shareholder should have an

End of notes