

## MONMOUTHSHIRE COUNTY COUNCIL

### ARTICLES OF ASSOCIATION: SUMMARY

- Required by the Companies Act 2006. There are model forms but the proposed Articles are a bespoke form for a local authority company.
- Act as the main constitutional document of the company.
- Can only be changed by special resolution of the shareholders.
- Publicly available - must be filed at Companies House on incorporation and each time they are changed.
- Articles 2-6 set out the basic details of the company including its powers (as a legal entity), the limitation on liability for the Council as shareholder and a broad description of what the company has been set up to do (the Objects).
- Articles 7-17 deal with the shares of the company including altering the shares, the procedure for transfers and declaring dividends.
- Articles 18-26 deal with decisions by the shareholders (in this case just the Council). Decision making can be at a general meeting or (more likely) by written resolution. These procedures are about putting into effect – from a company law perspective – the decisions by the Council (e.g. through the Shareholder Committee). The requirements for an AGM can be found here – it is possible for the shareholders to resolve not to have an AGM. Shareholder decisions are either ordinary resolutions (more than 50% voting in favour) or special resolutions (75% or more voting in favour) – this will not be an issue whilst the company is wholly owned by the Council.
- Articles 27-36 are about the appointment of Directors (only by the shareholders) and once appointed how the Directors will run the company. This could be through a Board meeting or through a written resolution. The Board is able to delegate down decision making to committees of the Board, individual Directors or other officers of the company. Voting at Board meetings is by simple majority and the chair of the Board has a casting vote in the event of a tie. Board written resolutions must be unanimous.
- Article 30 provides that the Board is to manage the business of the company and exercise all of the company's powers. This is at all times subject to any matters reserved for decision by the Council (through the provisions of the Governance Agreement – referred to in the Articles as a "Relevant Agreement"). The shareholders

are also able to – by special resolution – direct the Board to do something or to stop doing something.

- Article 37 enables the Directors to appoint a Company Secretary. Although company secretarial duties must be discharged it is not necessary to appoint a specific person as the Company Secretary.
- Article 38 sets out the circumstances in which the company can indemnify its Directors, other officers and employees.
- Articles 39-44 are administrative provisions including the requirements for: minutes to be kept; annual reports of the company to be prepared; and the company annual return to be submitted to Companies House. These Articles also deal with bank account requirements and who is able to execute documents on behalf of the company.