

THE COMPANIES ACT 2006

COMMUNITY INTEREST COMPANY LIMITED BY SHARES

**ARTICLES OF ASSOCIATION
OF
KERNOW HEALTH CIC**



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COMMUNITY INTEREST COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

KERNOW HEALTH CIC

Adoption Date: 2018

1 DEFINITIONS

In these Articles the following terms shall have the following meanings.

| Term | Meaning |
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| “Act” | the Companies Act 2006, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force |
| “address” | in relation to electronic communications, includes any number or address used for the purposes of such communications |
| “Adoption Date” | the date of adoption of these Articles as indicated above |
| “Articles” | the Company’s Articles of Association and “Article” should be construed accordingly |
| “asset-locked body” | (i) a community interest company or a charity; or (ii) a body established outside of the United Kingdom that is equivalent to any of those |
| “Board” | the board of Directors from time to time |
| “Chair” | the meaning given in Article 17 |
| “Chief Executive” | the director appointed to the position of chief executive of the Company from time to time |
| “clear days” | in relation to the period of a notice, that period excluding the day when 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 |
| “community” | is to be construed in accordance with section 35(5) of the Companies (Audit, Investigations and Community Enterprise) |

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| "Company" | the company constituted pursuant to these Articles, known as Kernow Health CIC |
| "Conflict of Interest" | any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts or might conflict with the interests of the Company |
| "Director" | a director of the Company, including any person occupying the position of director, by whatever name called |
| "Directors' functions" | the meaning given in Article 6(1) |
| "electronic communication" | the meaning given in the Electronic Communications Act 2000 |
| "Eligible Practice" | <p>means:</p> <ul style="list-style-type: none">(a) any GP sole practitioner or partnership holding, on the Adoption Date, a GMS Contract, PMS Agreement or APMS Contract (or any successor primary care contract introduced under NHS primary or secondary legislation) based in, and which has a majority of its patient list residing in, the county of Cornwall; and(b) any other practice from time to time holding a GMS Contract, PMS Agreement or APMS Contract (or any successor primary care contract introduced under NHS primary or secondary legislation), based in, and which has a majority of its patient list residing in, the county of Cornwall, if approved by resolution of the Board in their sole discretion |
| "Eligible Representative" | <p>means, in relation to an Eligible Practice, an individual who is and remains either:</p> <ul style="list-style-type: none">(a) a sole GP practitioner of the Eligible Practice; or(b) a GP partner at the Eligible Practice, who has been appointed as a Trustee on behalf of the relevant practice partnership; or(c) any other person connected to the Eligible Practice agreed by the Board in their sole discretion, <p>and in each case provided that such person is not prohibited by law from holding a share in the Company (whether by virtue of the fact that the Company holds a GMS Contract, PMS Agreement or APMS Contract (or any successor primary care contract introduced under NHS primary or secondary legislation) or otherwise)</p> |
| "holder" | in relation to any shares, the Member whose name is entered in the Company's register of members as the holder of those |

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| | shares |
| "in writing" | written, printed, or transmitted writing, including, by electronic communication |
| "LMC Director" | the meaning given in Article 21(1) |
| "Localities" | the geographical groupings of Eligible Practices in a given local area of the county of Cornwall, as varied by the Company in general meeting from time to time to reflect the changing primary healthcare landscape. The localities as at the Adoption Date are; the North Cornwall locality, the East Cornwall locality, the Mid Cornwall locality, the Carrick locality, the Kerrier locality, and the Penwith locality. For the avoidance of doubt, the Isles of Scilly are represented by a mainland Eligible Practice as at the Adoption Date and are not therefore, for the purposes of these Articles, considered to be a separate locality |
| "Local Medical Committee" or "LMC" | the Cornwall and Isles of Scilly local medical committee or its successor from time to time |
| "majority decision" | the meaning given in Article 12 |
| "Medical Director" | the director appointed to the position of medical director of the Company from time to time |
| "Members" | the members of the Company each holding a share in the capital of the Company, each being an Eligible Representative |
| "Memorandum" | the Company's Memorandum of Association |
| "NHSE" | NHS England or any successor body from time to time |
| "NHS Kernow" | NHS Kernow Clinical Commissioning Group or any successor body from time to time |
| "NHS List" | the document confirming the list sizes of Cornish practices published by NHSE on or around 1 April each year as identified by the Board from time to time |
| "Patient Population" | in relation to an Eligible Practice, the raw list size of the Eligible Practice in so far as it comprises patients residing in the county of Cornwall, as determined from the latest NHS List in accordance with Article 26 |
| "Regulations" | the Community Interest Company Regulations 2005 (as amended) |
| "Regulator" | the regulator of Community Interest Companies |
| "Relevant Period" | the meaning given to it in Article 21(6) |
| "Relevant Proportion" | in relation to an Eligible Practice, the percentage which its Patient Population bears to the total Patient Population of all |

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Eligible Practices, as determined pursuant to Article 26

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| "Representative Director" | the meaning given in Article 21(2) |
| "relevant quorum" | the meaning given in Article 16(1) |
| "remuneration" | any reasonable payment or benefit received, or to be received, by a Director or employee of the Company in consideration for that Director's or employee's services to the Company, and any arrangement in connection with the payment of a pension, allowance or gratuity to or in respect of any person who is to be, is, or has been a Director or employee of the Company or any of its predecessors in business |
| "Secretary" | any individual appointed as Company Secretary under Article 45 |
| "shares" | shares in the Company |
| "Trustee" | in relation to any person who holds a share as a partner of the relevant Eligible Practice, such person is required (either under the partnership deed in respect of the Eligible Practice or another deed of trust) to hold such share and all rights and benefits attached to it, on behalf of the relevant Eligible Practice |
| "unanimous decision" | the meaning given in Article 11 |
| "Vote Confirmation" | in relation to each Eligible Representative, the number of votes attached to the share he/she holds from time to time as calculated by the Board from time to time based on the Patient Population of the relevant Eligible Practice in accordance with Article 26(2) |

2 INTERPRETATION

- (1) Unless the context requires otherwise, words or expressions defined in the Act have the same meaning in the Articles.
- (2) Without prejudice to the generality of Article 2(1):
 - (a) **"financial year"** has the meaning given in section 390 of the Act; and
 - (b) **"transfer"** includes every description of disposition, payment, release or distribution and the creation or extinction of an estate or interest in, or right over, any property.
- (3) Unless the context requires otherwise, all references to legislative provisions are to the legislation concerned as amended, repealed, re-enacted or replaced and in force from time to time.
- (4) Unless the context requires otherwise, words in the singular include the plural and words in the plural include the singular.
- (5) Unless the context requires otherwise, **person** includes a natural person, corporate or unincorporated body.

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- (6) All headings and explanatory notes are included for convenience only: they do not form part of the Articles, and shall not be used in the interpretation of the Articles.

3 MODEL ARTICLES

The model articles for private companies contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 (as amended) shall not apply.

4 COMMUNITY INTEREST COMPANY

- (1) The Company shall be a community interest company.

Asset Lock

- (2) The Company shall not transfer any of its assets other than for full consideration.

- (3) Provided the conditions in Article 4 (4) are satisfied, Article 4 (2) shall not apply to:

- (a) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body;
- (b) the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body;
- (c) the payment of dividends in respect of shares in the Company;
- (d) the distribution of assets on a winding up;
- (e) payments on the redemption or purchase of the Company's own shares;
- (f) payments on the reduction of share capital; and
- (g) the extinguishing or reduction of the liability of members in respect of share capital not paid up on the reduction of share capital.

- (4) The conditions are that the transfer of:

- (a) assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the Memorandum and Articles of the Company; and
- (b) must not exceed any limits imposed by, or by virtue of, Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.

- (5) If:

- (a) the Company is wound up under the Insolvency Act 1986; and
- (b) all its liabilities have been satisfied

any residual assets shall be given or transferred to an asset-locked body specified by the Regulator.

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Not for profit

- (6) The Company is not established or conducted for private gain: any profits or assets are used principally for the benefit of the community.

5 OBJECTS, POWERS AND LIMITATION OF LIABILITY

- (1) The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to relieve sickness, disability and ill health and to promote health and social care for the community.
- (2) To further its objects the Company may do all such lawful things as may further the Company's objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.
- (3) The liability of the Members is limited to the amount, if any, unpaid on the shares held by them.

6 DIRECTORS' GENERAL AUTHORITY TO MANAGE THE COMPANY

- (1) The Directors' functions are:
- (a) to manage the Company's business; and
 - (b) to exercise all the powers of the Company for any purpose connected with the Company's business.
- (2) The Directors may delegate their functions in accordance with the Articles.

7 DIRECTORS' GENERAL AUTHORITY TO DELEGATE FUNCTIONS

- (1) Subject to the Articles, the Directors may delegate any of their functions to any person they think fit.
- (2) The Directors must not delegate to any person who is not a Director any decision connected with:
- (a) the taking of decisions by Directors;
 - (b) the appointment of a Director or the termination of a Director's appointment; or
 - (c) the declaration of a dividend.
- (3) Any delegation under Article 7(1) may authorise further delegation of the Directors' functions by any person to whom they are delegated.

8 COMMITTEES OF DIRECTORS

- (1) Two or more Directors are a "committee" if the Directors have:
- (a) delegated any of the Directors' functions to them; and
 - (b) indicated that they should act together in relation to that function.
- (2) The provisions of the Articles about how the Directors take decisions shall apply, as far as possible, to the taking of decisions by committees.

9 SCOPE OF RULES

- (1) References in the Articles to decisions of Directors are to decisions of Directors which are connected with their functions.

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10 DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- (1) Any decision which the Directors take:
 - (a) must be either a unanimous decision or a majority decision; and
 - (b) may, but need not, be taken at a meeting of Directors.
- (2) In all proceedings of Directors each Director must not have more than one vote.

11 UNANIMOUS DECISIONS

- (1) The Directors take a unanimous decision when they all indicate to each other that they share a common view on a matter.
- (2) A unanimous decision need not involve any discussion between Directors.

12 MAJORITY DECISIONS

- (1) The Directors take a majority decision if:
 - (a) every Director has been made aware of a matter to be decided by the Directors;
 - (b) all the Directors who indicate that they wish to discuss or vote on the matter have had a reasonable opportunity to communicate their views on it to each other; and
 - (c) a majority of those Directors vote in favour of a particular conclusion on that matter.
- (2) Article 12(1)(a) does not require communication with any Director with whom it is not reasonably practicable to communicate, having regard to the urgency and importance of the matter to be decided.
- (3) Directors participating in the taking of a majority decision otherwise than at a meeting of Directors:
 - (a) may be in different places, and may participate at different times; and
 - (b) may communicate with each other by any means.

13 MEETINGS OF DIRECTORS

- (1) Questions arising at a Directors' meeting shall be decided by a majority of votes.
- (2) In all proceedings of Directors each Director must not have more than one vote.
- (3) Any Director may call a meeting of Directors.
- (4) Every Director must be given reasonable notice of a meeting of Directors.
- (5) Article 13(4) does not require notice to be given:
 - (a) in writing; or
 - (b) to Directors to whom it is not reasonably practicable to give notice, having regard to the urgency and importance of the matters to be decided, or who have waived their entitlement to notice.
- (6) Directors participating in a meeting of Directors:
 - (a) must participate at the same time, but may be in different places; and

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- (b) may communicate with each other by any means.

14 CONFLICTS OF INTEREST

- (1) Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.
- (2) Whenever a matter is to be discussed at a meeting or decided in accordance with Articles 11 or 12 and a Director has a Conflict of Interest in respect of that matter then, subject to the remaining provisions of this Article 14, he or she must:
 - (a) remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;
 - (b) not be counted in the quorum for that part of the meeting; and
 - (c) withdraw during the vote and have no vote on the matter.
- (3) If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.
- (4) When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.
- (5) The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:
 - (a) in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 14(1);
 - (b) in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum;
 - (c) the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation; and
- (6) If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 14(5) then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.
- (7) If any Conflict of Interest is authorised by the Directors in accordance with Article 14(5) (subject to any limits or conditions to which such approval was subject):
 - (a) that Director:
 - (i) may be a party to, or otherwise interested in, the transaction or arrangement in which that Director has a relevant interest; and
 - (ii) shall not, by reason of being a Director, be accountable to the Company for any benefit derived from that transaction or arrangement; and
 - (b) the transaction or arrangement in which that Director has a relevant interest shall not be liable to be treated as void as a result of that interest.

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(8) Articles 14(1) and 14(2) do not apply:

- (a) if the Director's interest cannot reasonably be regarded as giving rise to any real possibility of a conflict between the interests of the Director and the Company; or
- (b) if the Director's interest only arises because the Director has given, or has been given, a guarantee, security or indemnity in respect of an obligation incurred by or on behalf of the Company.

(9) For the purposes of Article 14(1):

- (a) a general notice given to the Directors that a Director is to be regarded as having a specified interest in any transaction or arrangement shall be deemed to be a disclosure that the Director has an interest in any such transaction or arrangement of the nature and extent so specified; and
- (b) any interest of which a Director has no knowledge, and could not reasonably be expected to have knowledge, shall be disregarded.

15 RECORDS TO BE KEPT

(1) The Directors are responsible for ensuring that the Company keeps a record, in writing, of:

- (a) every unanimous or majority decision taken by the Directors; and
- (b) every declaration by a Director of an interest in an actual or proposed transaction with the Company.

(2) Any record kept under Article 15(1) must be kept:

- (a) for at least ten years from the date of the decision or declaration recorded in it;
- (b) together with other such records; and
- (c) in such a way that it is easy to distinguish such records from the Company's other records.

16 DIRECTORS QUORUM

(1) No majority decision shall be taken by the Directors unless 50% of the total number of Directors from time to time (rounded up to the nearest whole number of Directors) (the "**relevant quorum**") participate in the process by which the decision is taken and are entitled to vote on the matter on which the decision is to be taken.

(2) If Company has one or more Directors but the total number of Directors is less than the relevant quorum, the Directors may take a majority decision:

- (a) to appoint further Directors; or
- (b) that will enable the Members to appoint further Directors.

17 CHAIR

(1) Subject to Article 17(2), the Directors shall each financial year elect and appoint one of their number to be the chair. A Director appointed under this Article shall be known as the Chair for as long as such appointment lasts and shall preside over the taking of all decisions by the Directors.

(2) If the person appointed under Article 17(1) is for any reason unable or unwilling to chair a particular majority decision making process, the Directors shall appoint another Director to chair that process.

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(3) The Chair shall not have a casting vote in the case of an equality of votes by the Directors.

18 DIRECTORS' DISCRETION TO MAKE FURTHER RULES

(1) Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions.

(2) The Directors must ensure that any rule which they make about how they take decisions is communicated to all persons who are Directors while that rule remains in force.

19 DEFECT IN APPOINTMENT

(1) This Article applies if:

- (a) a decision is taken by the Directors, or a committee of the Directors, or a person acting as a Director; and
- (b) it is subsequently discovered that a person who, acting as a Director, took, or participated in taking, that decision:
 - (i) was not validly appointed as a Director;
 - (ii) had ceased to hold office as a Director at the time of the decision;
 - (iii) was not entitled to take that decision; or
 - (iv) should, in consequence of a Conflict of Interest, not have voted in the process by which that decision was taken.

(2) Where this Article applies:

- (a) the discovery of any defect of the kinds specified in Article 19(1)(b) shall not invalidate any decision which has been taken by, or with the participation of, the person in relation to whom that defect existed; and
- (b) any such decision shall be as valid as if no such defect existed in relation to any person who took it or participated in taking it.

20 MINIMUM AND MAXIMUM NUMBER OF DIRECTORS

Unless otherwise agreed by the Board from time to time by way of unanimous decision, the number of Directors shall not be less than four, and the total number of Directors in office at any one time shall not exceed fourteen.

21 APPOINTMENT OF DIRECTORS

- (1) Unless otherwise agreed by the Members from time to time by way of ordinary resolution, a representative of the Local Medical Committee shall be appointed as a non-executive Director, such Director being the "LMC Director". Such LMC Director shall be selected by the LMC and approved by a decision of the Directors from time to time.
- (2) The Eligible Practices within each Locality together have the right to nominate from time to time one Eligible Representative from an Eligible Practice within such Locality for appointment as a Director, by way of majority approval of the Eligible Practices within such Locality (each being a "Representative Director"). Any Representative Director duly appointed in accordance with this Article 21(2) shall be promptly notified to the Company by an Eligible Practice within the Locality as representative on behalf of all the Eligible Practices within such Locality.
- (3) Subject to Article 20, in addition to the Directors appointed pursuant to Article 21(1) or (2), the Board shall appoint a Chief Executive and such other Directors that the Board may consider to be

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appropriate from time to time in their sole discretion, having regard to the composition, skills and experience of the existing Directors.

- (4) The Directors shall appoint one from amongst their number to be the Medical Director.
- (5) At the end of each Relevant Period all the Representative Directors shall retire from office, however, subject to Article 21(8), any Representative Director may apply for re-election. The Eligible Practices within each Locality shall together, on or prior to the end of such Relevant Period, nominate their Representative Director for the next Relevant Period in accordance with Article 21(2). If the Eligible Practices within a Locality do not give notice to the Company of their new nominated Representative Director on or prior to the end of the Relevant Period in accordance with Article 21(2) then, subject to Article 21(8), the existing Representative Director of such Locality for such Relevant Period shall be deemed to have been re-elected for the next Relevant Period.
- (6) For the purposes of this Article 21 a **Relevant Period** of the Company shall comprise a period of three years (or a period of up to four years if the Board decides in their sole discretion in special circumstances), and the first Relevant Period shall commence on the Adoption Date
- (7) Subject to Articles 21(8), 21(9) and 22, the Company shall be required to accept the appointment of any Representative Director nominated or deemed to have been nominated in accordance with Articles 21(2) and 21(5). The appointment shall, if made pursuant to Article 21(5), take effect on the day immediately following the end of the Relevant Period, and shall otherwise take effect on the date the Company receives the relevant notice in accordance with Article 21(2).
- (8) No Director shall serve for more than three consecutive Relevant Periods without first having a break for a consecutive period of no less than 12 months.
- (9) No person may be appointed as a Director:
- (a) unless that person is willing to serve as a Director and has attained the age of 18 years; or
 - (b) in circumstances which, if that person had already been a Director, would have resulted in that person ceasing to be a Director under the Articles; or
 - (c) in circumstances where that person has previously ceased to be a Director either following a decision of the Board pursuant to article 22(1)(f) or 22(1)(g) or in accordance with article 22(1)(h).

22 TERMINATION OF DIRECTORS' APPOINTMENT

- (1) A person ceases to be a Director as soon as:
- (a) that person ceases to be a Director by virtue of any provision of the Act or is prohibited by law from being a Director (whether by virtue of the fact that the Company holds a GMS Contract, PMS Agreement or APMS Contract (or any successor primary care contract introduced under NHS primary or secondary legislation) or otherwise) or is prohibited from being a Director by regulation or by any requirement of a regulatory body to which the Company is subject from time to time;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in the satisfaction of that person's debts;
 - (d) any notification to the Company that that person is resigning or retiring from office as Director takes effect (except that where such resignation or retirement would otherwise lead to the Company having fewer than four Directors (or such other number of Directors which shall be the minimum number of Directors of the Company from time to time in accordance with Article 20), it shall not take effect until sufficient replacement Directors have been appointed);

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- (e) on their removal from office pursuant to, Articles 21(2) or 21(5);
 - (f) in the case of the LMC Director, on such person ceasing to be a representative of the Local Medical Committee, or on such person being removed as a Director by a decision of the Board;
 - (g) in the case of a Representative Director, on such person ceasing to be an Eligible Representative, or on such person being removed as a Director by a decision of the Board; or
 - (h) that person is otherwise duly removed from office.
- (2) In the event of the termination of a Director's appointment as a Director in accordance with this Article 22:
- (a) in the case of an LMC Director, a new LMC Director may be appointed in accordance with Article 21(1); and
 - (b) in the case of a Representative Director, a new Representative Director may be appointed by the Eligible Practices within the relevant Locality in accordance with Article 21(2).

23 DIRECTORS' REMUNERATION AND EXPENSES

- (1) Subject to the Act, the Articles, and any resolution passed under Article 23(2), the Directors may decide the terms (including as to remuneration) on which a Director is to perform Directors' functions, or otherwise perform any service for the Company.
- (2) The Members may by ordinary resolution limit or otherwise specify the remuneration to which any Director may be entitled, either generally or in particular cases.
- (3) The Company may meet all reasonable expenses which the Directors properly incur in connection with:
 - (a) the exercise of their functions; or
 - (b) the performance of any other duty which they owe to, or service which they perform for the Company.

24 ENTITLEMENT TO MEMBERSHIP

- (1) No share shall be held by any person other than an Eligible Representative.
- (2) It is the intention that each Eligible Practice is entitled to nominate one Eligible Representative to be a Member, who shall hold one ordinary share of £1 each.

25 SHARE RIGHTS

- (1) The Company's share capital comprises ordinary shares of £1 each. These shares shall have the following rights and restrictions attached to them:
 - (a) **Voting**
 - (i) The holders of the shares shall be entitled to receive notice of and to attend, speak and vote at any general meetings of the Company.
 - (ii) Each holder of a share shall be entitled to such number of votes that is stated in the Vote Confirmation.
 - (b) **Income**

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Any dividends permitted pursuant to these Articles (including without limitation Article 4) and in accordance with law shall be paid to the holders of the shares in the Relevant Proportions.

(c) **Distribution on a winding up or sale**

If and to the extent that any part of the Company's surplus assets available for distribution on a return of capital on a winding up or otherwise (except for a purchase of own shares as envisaged by Article 30) is permitted to be distributed to the holders of the shares in accordance with all applicable laws and regulations and these Articles (including without limitation Article 4), any such distribution shall be applied:

- (i) first in paying to each holder of shares the amount paid up or credited as paid on their share;
- (ii) second amongst the holders of shares in the Relevant Proportions,

26 DETERMINATION OF PATIENT POPULATIONS AND RELEVANT PROPORTIONS

- (1) The Patient Population of each Eligible Practice shall be determined by the Board from the latest NHS List.
- (2) The Board will provide in writing to each Eligible Representative their Vote Confirmation:
 - (a) as soon as reasonably practicable following the issue by NHSE of each new NHS List; and
 - (b) at the same time that the Board sends notice to its Members of any general meeting.
- (3) The Board will calculate the Relevant Proportions for each Eligible Practice as required from time to time, based on the Patient Populations determined from the latest NHS List in accordance with Article 26(1), and the Board shall circulate the Relevant Proportions to each Eligible Representative prior to the relevant dividend payment being made or prior to any return of capital to the Members (as the case may be) made in accordance with these Articles.
- (4) Neither the Vote Confirmation nor the Relevant Proportions shall be challenged by anyone save in the case of manifest error.

27 ISSUE OF SHARES

- (1) Upon allotment, all shares shall be fully paid up in respect of their nominal value.
- (2) No share shall be issued at a price greater than its nominal value.

28 TRANSFER OF SHARES

- (1) Shares may be transferred by means of an instrument of transfer in a form permitted by law.
- (2) Subject to Article 29 and unless otherwise agreed by the Company in general meeting, no Member may hold more than one share. A share may not be transferred at any price other than its nominal value, save in the case of a transfer of a share to the Company pursuant to section 659(1) of the Act in accordance with Article 29, which shall instead be gifted for nil consideration.
- (3) The Directors may refuse to register the transfer of a share to a person of whom they do not approve.
- (4) They may also refuse to register the transfer unless it is lodged at the registered office of the Company or at such other place as the Directors may appoint and is accompanied by such evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and by such other information, as they may reasonably require.

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- (5) If the Directors refuse to register such a transfer, they shall, within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- (6) The provisions of this Article apply in addition to any restrictions on the transfer of a share which maybe set out elsewhere in the Memorandum or Articles of the Company.

29 SUSPENSION OF SHARE RIGHTS AND COMPULSORY TRANSFER SHARES

(1) Death or ceasing to be an Eligible Representative

- (a) If a Member dies, or ceases to be an Eligible Representative for whatever reason, the following provisions shall apply:
 - (i) All rights attached to the share held by the relevant Eligible Representative (including, without limitation, rights to receive notice of, and to attend and vote at, general meetings of the Company) shall be automatically suspended until the share is transferred to another Eligible Representative of the relevant Eligible Practice, as nominated by that relevant Eligible Practice.
 - (ii) The relevant Eligible Representative shall not be eligible to be a Director and, if he is a Director, shall immediately and automatically cease to be a Director.
 - (iii) The Company may give notice to the relevant Eligible Representative (or his or her personal representatives) requiring the relevant Eligible Representative to either transfer his/her share to another Eligible Representative of the relevant Eligible Practice as nominated by that relevant Eligible Practice, or (in the absence of any such nomination) to gift his/her share to the Company pursuant to section 659(1) of the Act, in each case within fourteen days of the notice. If the relevant Eligible Representative fails to comply with any such requirement notice within such fourteen day period, the Company is unconditionally and irrevocably authorised to appoint any person it nominates for the purpose as agent of the relevant Eligible Representative to transfer/gift the share as envisaged by this Article 29(1) and to execute such documents in the name, and on behalf, of the Eligible Representative and to do such other things as are reasonably necessary in this regard, and the validity of any such action shall not be questioned by any person.
 - (iv) All the rights attached to any share gifted to the Company under Article 29(1)(a)(iii) shall be automatically suspended until the share is transferred by the Company to another Eligible Representative of the relevant Eligible Practice, as nominated by that relevant Eligible Practice.
 - (v) The Company shall transfer any share transferred to it under Article 29(1)(a)(iii) to such Eligible Representative as the relevant Eligible Practice may direct.

(2) More than one share being held on behalf of an Eligible Practice (including without limitation as a result of merger)

- (a) If any Eligible Practice whose Eligible Representative holds a share, directly or indirectly acquires the benefit of a second or further shares (whether as a result of practice merger or otherwise), then with effect from the date of such acquisition all rights attached to all the shares except the original one held by the relevant Eligible Representative as identified by the Board (including, without limitation, rights to receive notice of, and to attend and vote at, general meetings of the Company) shall be automatically suspended.
- (b) The Company may give notice to the relevant Eligible Representative(s) requiring the relevant Eligible Representative(s) to gift the second and/or further shares benefitting the Eligible Practice to the Company pursuant to section 659(1) of the Act, within fourteen days of the notice. If the relevant Eligible Representative(s) fail to comply with

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any such requirement notice within such fourteen day period, the Company is unconditionally and irrevocably authorised to appoint any person it nominates for the purpose as agent of the relevant Eligible Representative(s) to gift the share(s) to the Company as envisaged by this Article 29(2) and to execute such documents in the name, and on behalf, of the Eligible Representative(s) and to do such other things as are reasonably necessary in this regard, and the validity of any such action shall not be questioned by any person.

- (c) All the rights attached to any share gifted to the Company under Article 29(2)(b) shall remain suspended until the share is subsequently transferred by the Company to an Eligible Representative of any practice becoming an Eligible Practice after the Adoption Date.

(3) An Eligible Practice ceasing to exist

- (a) Where an Eligible Practice ceases to exist, then with effect from the date of cessation all rights attached to the share held by the Eligible Representative of the former Eligible Practice (including, without limitation, rights to receive notice of, and to attend and vote at, general meetings of the Company) shall be automatically suspended.
- (b) The Company may give notice to the relevant Eligible Representative requiring the relevant Eligible Representative to gift his/her share to the Company pursuant to section 659(1) of the Act within fourteen days of the notice. If the relevant Eligible Representative fails to comply with any such requirement notice within such fourteen day period, the Company is unconditionally and irrevocably authorised to appoint any person it nominates for the purpose as agent of the relevant Eligible Representative to gift the share to the Company as envisaged by this Article 29(3) and to execute such documents in the name, and on behalf, of the Eligible Representative and to do such other things as are reasonably necessary in this regard, and the validity of any such action shall not be questioned by any person.
- (c) All the rights attached to any share gifted to the Company under Article 29(3)(b) shall remain suspended until the share is subsequently transferred by the Company to an Eligible Representative in respect of any practice becoming an Eligible Practice after the Adoption Date.

30 PURCHASE OF OWN SHARES

- (1) Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:
 - (a) £15,000; and
 - (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

31 ALTERATION OF CAPITAL

- (1) Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Members by special resolution determine.
- (2) The Members may by special resolution:
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) subject to the Act, sub-divide its shares, or any of them, into shares of smaller amount, and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have preference or advantage as compared with others;

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- (c) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

32 SHARE CERTIFICATES

The Company may issue Members with a certificate for their respective share in the Company in such form as the Directors decide.

33 PROCEDURE FOR DECLARING DIVIDENDS

- (1) Subject to the Act, the Regulations and the Articles, the Company may by ordinary resolution declare dividends, and the Directors may, provided that such decision is authorised by an ordinary resolution of the Members, decide to pay interim dividends.
- (2) For the avoidance of doubt the payment of dividends shall be considered to be a transfer of assets other than for full consideration and shall not be permitted other than in the circumstances set out in Article 4.
- (3) A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- (4) No dividend may be declared or paid unless it is in accordance with Members' respective rights and with reference to each Member's holding of shares on the date of the resolution or decision to declare and pay dividends.

34 PAYMENT OF DIVIDENDS

- (1) The Company shall pay any dividend or other money payable by it in respect of a share by means of:
 - (a) a transfer to a bank account specified in writing by the Member; or
 - (b) a cheque sent by post to the registered address of the Member.

35 RIGHT TO DIVIDEND FORFEITED IF UNCLAIMED FOR TWELVE YEARS

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so decide, be forfeited and cease to remain owing by the Company.

36 GENERAL MEETINGS

- (1) The Directors may decide to call a general meeting at any time.
- (2) The Directors shall call a general meeting no less than once a year which shall be the Annual General Meeting.
- (3) General meetings must be held in accordance with the provisions regarding such meetings in the Act

37 NOTICE

- (1) Notice of general meetings shall be given to every Member, the Directors and the Company's auditors (if any) in accordance with the provisions of the Act.
- (2) All general meetings shall be called by at least 14 clear days' notice in writing.
- (3) Every notice calling a general meeting shall specify:

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- (a) the place, date and time of the meeting; and
- (b) the general nature of the business to be transacted.

- (4) If a special resolution is to be proposed, the notice shall contain a statement to that effect and set out the text of the special resolution.

38 QUORUM

- (1) No business shall be transacted at any meeting unless a quorum is present.
- (2) Such number of Members as shall equal 51% of the total number of Members from time to time (rounded up to the nearest whole number of Members) present in person or by proxy entitled to vote upon the business to be transacted, shall be a quorum.
- (3) If a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned for a minimum of seven days until such time as the Directors determine.

39 CONDUCT OF BUSINESS – GENERAL

- (1) The Chair shall preside as the chair of the general meeting. In the Chair's absence, the Members shall appoint some other Director, or (if no Director willing to preside is present) Member to preside.
- (2) The Chair:
 - (a) may adjourn the meeting from time to time and from place to place, with the consent of a meeting at which a quorum is present; and
 - (b) shall do so if so directed by the meeting or in accordance with the Articles.
- (3) 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.
- (4) When a meeting is adjourned for fourteen days or more, at least seven 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. Otherwise it shall not be necessary to give any such notice.
- (5) Except as required by law and as otherwise stated in these Articles, all decisions of the Members at a general meeting shall be made by ordinary resolution.

40 VOTING PROCEDURES

- (1) A person who is not a Member shall not have any right to vote at a general meeting of the Company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures.
- (2) The proceedings at any general meeting shall not be invalidated by reason of any accidental informality or irregularity (including with regard to the giving of notice) or any want of qualification in any of the persons present or voting.
- (3) 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 binding.

41 MEMBER NOMINATION RIGHTS

- (1) Subject to the Act, any Member shall be entitled from time to time to nominate another Eligible Representative to exercise all of such member's rights as a Member of the Company and at any time to revoke such nomination.

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(2) Any nomination under Article 41(1) shall:

- (a) be given by notice in writing addressed to the Company;
- (b) specify the full name and address for notices of such nominee;
- (c) take effect upon receipt (or deemed receipt) of such a notice by the Company.

(3) A notice of nomination given under Article 41(2) may:

- (a) specify which rights of that Member are to be enjoyed, or may be exercised, by the relevant nominee (and any limitations on such enjoyment or exercise) or, in the absence of such provision, such notice shall be deemed to grant the nominee the right to exercise all of the relevant Member's rights as a member of the Company, to the fullest extent, subject only to the provisions of the Act. In the absence of any limitation on any nominee's rights pursuant to a nomination under Article 41(1), the Company shall accept any instruction or exercise of a right which is first received in the event of an instruction or exercise being made by more than one nominee in respect of the same right; and
- (b) specify when the nomination is to cease to have effect.

(4) Revocation of a nomination previously made under Article 41(1) shall be given by notice in writing addressed to the Company and shall take effect upon receipt (or deemed receipt) of such notice by the Company.

(5) For the avoidance of doubt, any such person appointed as nominee pursuant to this Article 41 shall automatically cease to be a nominee if they cease to be an Eligible Representative.

(6) At all times from receipt (or deemed receipt) by the Company of such a notice of nomination, until receipt (or deemed receipt) of a valid notice of revocation of such a nomination; the nominee appointed by a Member shall enjoy and be entitled to exercise the rights of that Member, to the extent, if any, specified in such notice of nomination, to the exclusion of that Member's rights (to that extent). The revocation of a nomination in accordance with Article 41(4) shall not invalidate anything done (or omitted to be done) by the relevant nominee at any time prior to the date such revocation takes effect in accordance with Article 41(4).

For the purposes of these Articles but subject to the provisions of the Act, references to any matter to be done by, or in relation to, a "Member" or "Members" shall be deemed to include reference to any person for the time being nominated in accordance with this Article 41 (and such references shall, until such nomination is revoked in accordance with Article 41(4), exclude the member who made the nomination).

42 APPOINTMENT OF PROXIES

(1) Proxies may only validly be appointed by a notice in writing (a "**proxy notice**") which—

- (a) states the name and address of the Member appointing the proxy;
- (b) identifies the person appointed to be that Member's proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the Member appointing the proxy, or is authenticated in such manner as the Directors may determine; and
- (d) is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate.

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and a proxy notice which is not delivered in such manner shall be invalid.

- (2) The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
- (5) A person who is entitled to attend, speak or at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.
- (6) An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given. Any such notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (7) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

43 WRITTEN RESOLUTIONS

- (1) Subject to Article 43(3), a written resolution of the Company passed in accordance with this Article 43 shall have effect as if passed by the Company in general meeting:
 - (a) A written resolution is passed as an ordinary resolution if it is passed by Members representing a simple majority of the total voting rights of the eligible Members.
 - (b) A written resolution is passed as a special resolution if it is passed by Members representing not less than 75% of the total voting rights of the eligible Members. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.
- (2) In relation to a resolution proposed as a written resolution of the Company the eligible Members are the Members who would have been entitled to vote on the resolution on the date of circulation of the resolution ("**Circulation Date**").
- (3) A shareholders' resolution under the Act removing a Director or an auditor before the expiration of his or her term of office may not be passed as a written resolution.
- (4) A copy of the written resolution must be sent to every Member together with a statement informing the Member how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Act.
- (5) A Member signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated document identifying the resolution to which it relates and indicating his or her agreement to the resolution:
 - (a) If the document is sent to the Company in hard copy form, it is authenticated if it bears the Member's signature; and

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- (b) If the document is sent to the Company by electronic means, it is authenticated if the identity of the Member is confirmed in a manner agreed by the Directors from time to time.
- (6) A written resolution is passed when the required majority of eligible Members have signified their agreement to it.
- (7) A proposed written resolution lapses if it is not passed within 28 days beginning with the Circulation Date.

44 MINUTES

- (1) The Directors shall cause minutes to be made and kept, in writing, of all proceedings at general meetings of the Company.
- (2) Any such minute, if purported to be signed by the chair of the meeting, or by the chair of the next succeeding general meeting, shall be sufficient evidence of the proceedings.

45 COMPANY SECRETARY

- (1) Subject to the provisions of the Act, the Directors may decide to appoint an individual to act as Company Secretary for such term and at such remuneration and upon such other conditions as they may think fit.
- (2) The Directors may decide to remove a person from the office of Secretary at any time.

46 ACCOUNTS AND REPORTS

- (1) The Directors shall comply with the requirements of the Act and any other applicable law as to keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies of annual reports and accounts.
- (2) Subject to Article 46(3), the Company's statutory books and accounting records shall be open to inspection by the Members during usual business hours.
- (3) The Company may in general meeting impose reasonable restrictions as to the time at which and the manner in which the statutory books and accounting records of the Company may be inspected by Members.

47 NOTICES

- (1) Except where the Articles provide otherwise, any notice to be given to or by any person under the Articles shall be in writing to an address for the time being notified for that purpose to the person giving the notice.
- (2) The Company may give any notice to any person under the Articles:
 - (a) in person;
 - (b) by sending it by post in a prepaid envelope addressed to that person at that person's registered address, or by leaving it at that address;
 - (c) by fax or by electronic communication to an address provided for that purpose; or
 - (d) by posting it on a website, where the recipient has been notified of such posting in a manner agreed by that person.
- (3) A person present at any meeting shall be deemed to have received notice of the meeting and, where requisite, of the purpose for which it was called.

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(4) Proof that:

- (a) an envelope containing a notice was properly addressed, prepaid and posted; or
- (b) that an electronic communication or fax has been transmitted to the correct address or number,

shall be conclusive evidence that the notice was given.

(5) A notice shall, unless the contrary is proved, be deemed to be given:

- (a) at the expiration of 48 hours after the envelope containing it was posted; or
- (b) in the case of a notice contained in an electronic communication or fax, at the expiration of 48 hours after the time it was transmitted.

48 INDEMNITY

(1) Subject to the Act, a Director shall be indemnified out of the Company's assets against any expenses which that Director incurs:

- (a) in defending civil proceedings in relation to the affairs of the Company (unless judgement is given against the Director and the judgement is final);
- (b) in defending criminal proceedings in relation to the affairs of the Company (unless the Director is convicted and the conviction is final);
- (c) in connection with any application for relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company (unless the Court refused to grant the Director relief, and the refusal is final).

(2) Judgement, conviction or refusal of relief becomes final if the period for bringing an appeal or any further appeal has ended and any appeal brought is determined, abandoned or otherwise ceases to have effect.

(3) This Article is without prejudice to any other indemnity to which a Director may be entitled.

49 INSURANCE

(1) The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Director and in respect of any relevant loss.

(2) In this Article 49 a "relevant loss" means any loss or liability which has been or may be incurred by a Director in connection with that Director's duties or powers in relation to the Company.