

Company Number: [.....]

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE
NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

of

[.....] LIMITED
(the "Company")

INTRODUCTION

1. Interpretation

1.1 In these Articles, unless the context otherwise requires:

Act: means the Companies Act 2006;

Appointor: has the meaning given in article 13.1;

Articles: means the Company's articles of association for the time being in force;

Business Day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

Conflict: means a situation in which a director has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company;

director: means a director of the Company, including a LPC Director;

Eligible Director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding in relation to the authorisation of a Conflict pursuant to Article 11, any director whose vote is not to be counted in respect of the particular matter);

Local Pharmaceutical Committee or LPC: means a Local Pharmaceutical Committee (being a Member of the Company) recognised under the provisions of section 167 of the National Health Service Act 2006;

LPC Directors: means the directors of the Company appointed from time to time in accordance with article 5;

LPC Member: means a LPC that is a member of the Company in accordance with article 3;

Member: means a member of the Company (excluding any LPC Members);

Model Articles: means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and reference to a numbered "**Model Article**" is a reference to that article of the Model Articles;

NHS England: means the NHS Commissioning Board established under the National Health Service Act 2006 (or any successor organisation with a similar function);

persons providing pharmaceutical services: means persons whose names are included in the pharmaceutical lists maintained by NHS England of persons providing pharmaceutical services, excluding suppliers of appliances only;

persons providing local pharmaceutical services: means persons who are providing local pharmaceutical services (**LPS**) under an LPS scheme or under a pilot scheme made with NHS England;

Pharmacy Contractor: means a person providing pharmaceutical services, or a person providing local pharmaceutical services; and

Rules: means the rules established pursuant to article 23.

1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.

1.5 Unless expressly provided otherwise, a reference to a statute, statutory

provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

- 1.6 any subordinate legislation from time to time made under it; and
- 1.7 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.8 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.9 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.10 Model Articles 2, 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 22(2), (3), 30(2), 35, 38 and 39 shall not apply to the Company.
- 1.11 Model Article 7 shall be amended by:
 - (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.12 Model Article 20 shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur".

2. Guarantee

- 2.1 The liability of each Member and of each LPC Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member, for
 - (a) payment of the Company's debts and liabilities contracted before he ceases to be a Member,
 - (b) payment of the costs, charges and expenses of the winding up, and
 - (c) adjustment of the rights of the contributories among themselves.

3. LPC Members

- 3.1 A LPC may become a LPC Member either by:

- (a) having subscribed to the memorandum of association of the Company on incorporation; or
 - (b) by application to the Company (in such format as the directors of the Company may from time to time decide).
- 3.2 Following an application from a LPC to become a LPC Member, a LPC will become a LPC Member if
 - (a) a majority of the directors (excluding the LPC Directors), and
 - (b) all the LPC Directors,agree.
- 3.3 LPC Members have the right to attend, and to speak at, meetings of the Members, but have no right to vote at such meetings (other than on matters relating to the LPC Directors). LPC Members shall have no right to participate in any distribution (of capital or otherwise) of the Company.
- 3.4 A LPC Member may terminate their membership of the Company by giving notice in writing to the directors of the Company.

DIRECTORS

4. Number of Directors

- 4.1 The number of LPC Directors will be determined in accordance with article 5 below.
- 4.2 Unless otherwise determined by the Company by ordinary resolution, the maximum number of non-LPC directors (excluding any alternate directors) shall be the greater of:
 - (a) three; or
 - (b) the number of LPC Directors that are eligible to be appointed (whether or not so appointed), plus one.
- 4.3 The LPC directors shall be appointed in accordance with article 5 below. The non-LPC Directors shall be appointed by ordinary resolution of the Members at the annual general meeting of the Company.

5. Local Pharmaceutical Committee Directors

- 5.1 A LPC Member shall be entitled to appoint:

- (a) (while that LPC Member is the sole LPC Member) up to two persons to be LPC Directors of the Company; or
- (b) (while there is more than one LPC Member) one person to be a LPC Director.

5.2 Any LPC Director may be removed from office by the LPC that appointed him.

5.3 If any LPC Director shall die or be removed from or vacate office for any cause, the LPC (for so long as it is a LPC Member) shall appoint in his place another person to be a LPC Director.

5.4 Any appointment or removal of a director pursuant to this article shall be in writing and signed by or on behalf of the LPC Member and delivered to the registered office of the Company, or to a duly constituted meeting of the directors of the Company.

5.5 If any LPC ceases to be a LPC Member, any LPC Director appointed by it shall be deemed to have been removed from the date of that LPC ceasing to be a LPC Member.

5.6 No LPC Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

6. Unanimous Decisions

6.1 A decision of the directors is taken in accordance with this article when all Eligible Directors (including the LPC Directors, where appointed) indicate to each other by any means that they share a common view on a matter.

6.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.

6.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

7. Calling a Directors' Meeting

7.1 Any director may call a directors' meeting by giving not less than 5 Business Days notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such

notice.

- 7.2 A director who is absent from the UK and who has no registered address in the UK shall not be entitled to notice of the directors' meeting.

8. Quorum for Directors' Meetings

- 8.1 Subject to article 8.2, the quorum for the transaction of business at a meeting of directors shall be:

(a) a majority of the directors (excluding the LPC Directors (if any)) (or their alternates), and

(b) all the LPC Directors (if any) (or their alternates).

- 8.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 10 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director(s) (defined in article 10.1), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

- 8.3 If the total number of directors in office for the time being is less than two the directors must not take any decision other than a decision:

(a) to appoint further directors; or

(b) to call a general meeting so as to enable the Members to appoint further directors.

9. Casting Vote

If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

10. Directors' Conflicts of Interest

- 10.1 The directors may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by any director which would, if not authorised, involve a director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.

- 10.2 Any authorisation under this article 10 shall be effective only if:

(a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these

Articles or in such other manner as the directors may determine;

- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

10.3 Any authorisation of a Conflict under this article 10 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
- (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he shall not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

10.4 Where the directors authorise a Conflict, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

10.5 The directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.

10.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

10.7 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- (d) may act by himself or his firm or business in a professional capacity whether as a pharmacy contractor or LPC or otherwise for the Company (otherwise than as auditor) and he or his firm or business shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall

the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

11. Retirement of Directors

Each director of the Company (who is not an LPC Director) shall retire at the annual general meeting of the Company, but shall (subject to article 4.2 be eligible for reappointment by the members at such annual general meeting.

12. Records of Decisions to be kept

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

13. Appointment and Removal of Alternate Directors

13.1 Any director (other than an alternate director) (**Appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor.

13.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the directors.

13.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.

14. Rights and Responsibilities of Alternate Directors

14.1 An alternate director may act as an alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's Appointor.

14.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their Appointors; and
- (d) are not deemed to be agents of or for their Appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a Member.

14.3 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating);
- (b) may participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and
- (c) shall not be counted as more than one director for the purposes of articles 14.3(a) and 14.3(b).

14.4 A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor, in addition to his own vote on any decision of the directors (provided that an Appointor for whom he exercises a separate vote is an Eligible Director in relation to that decision).

14.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.

15. Termination of Alternate Directorship

15.1 An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:

- (a) when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a director;
- (c) on the death of the alternate's Appointor; or
- (d) when the alternate director's Appointor ceases to be a director for whatever reason.

16. Secretary

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors

17. Application for Membership

17.1 The provisions of this article 17 do not apply to the LPC Members, which are instead subject to the provisions of article 3.

17.2 No person shall become a Member unless:

- (a) they are a Pharmacy Contractor; and
- (b) they have completed an application for membership in a form approved by the directors from time to time, and complied with any other criteria set out in the Rules from time to time, and been accepted as a Member by the directors.

17.3 A letter shall be sent to each successful applicant confirming their membership of the Company and the details of each successful applicant shall be entered into the Register of Members by the Company.

17.4 The directors may decline to accept any application for membership and need not give reasons for doing so.

17.5 The directors may prescribe criteria for membership of the Company in the Rules, but shall not be obliged to accept persons fulfilling those criteria as Members.

18. Expulsion or Suspension of a Member

18.1 The directors may suspend the membership of any Member without his consent by giving him written notice if, in the reasonable opinion of the directors:

- (a) [he is guilty of conduct which has or is likely to have a serious adverse effect on the Company or bring the Company or any or all of the Members and directors into disrepute; or
- (b) he has acted or has threatened to act in a manner which is materially contrary to the interests of the Company as a whole; or]
- (c) he has failed to materially observe the terms of these Articles and the Rules.

18.2 The directors may terminate the membership of any Member without his consent by giving him written notice if payments due to the Company by the Member are more than [3] months in arrears.

18.3 Upon termination or suspension pursuant to articles 18.1 or 18.2 above, the Member shall be removed from the Register of Members.

18.4 The notice to the Member must give the Member the opportunity to be heard in writing or in person by the other Members as to why his membership should not be terminated and/or suspended. The other Members must consider any representations made by the Member and inform the Member of their decision following such consideration. There shall be no right to appeal from a decision of the Members to terminate or to suspend the membership of a Member.

18.5 A Member whose membership is terminated or suspended under this article shall not be entitled to a refund of any subscription or membership fee and shall remain liable to pay to the Company any subscription or other sum owed by them.

DECISION MAKING BY MEMBERS

19. Meetings of Members

19.1 [EITHER: Subject to the Act, at any general meeting every Member who is present in person (or by proxy) shall on a show of hands have one vote and every Member present in person (or by proxy) shall on a poll have one vote.]

[OR: Subject to the Act, at any general meeting every Member who is present in person (or by proxy) shall on a show of hands have one vote in respect of each premises that that Member has registered with the Company in accordance with the Rules and in respect of which he pays admin fees and every Member present in person (or by proxy) shall on a poll have one vote in respect of each such premises.]

19.2 Unless otherwise fixed by the Members, the quorum for a meeting of the Members shall be not less than one tenth of the Members (who may be present in person or by proxy).

20. Poll Votes

20.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

20.2 Article 30(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

21. Proxies

21.1 Article 31(1)(d) of the Model Articles shall be deleted and replaced with the words "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".

21.2 Article 31(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

ADMINISTRATIVE ARRANGEMENTS

22. Means of Communication to be used

22.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted;
- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and

- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

- 22.2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

23. Rules

The directors (by majority agreement, which includes the agreement of all the LPC Directors (where appointed)) may establish rules governing matters relating to Company administration that are required from time to time for the effective operation of the Company (for example, but without limitation, the provisions relating to classes of Members, membership fees and subscriptions and the admission criteria for Members) and may in the same way amend such Rules from time to time. If there is a conflict between the terms of these articles and any Rules established under this article, the terms of these articles shall prevail.

24. Indemnity and insurance

- 24.1 Subject to article 24.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them and including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and
- (b) the Company may provide any relevant officer with funds to meet

expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 28(1)(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

24.2 This article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.

24.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

24.4 In this article:

- (a) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
- (b) a "relevant officer" means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).