



**The Companies (Alderney) Law, 1994 (as amended)  
Company Limited by Shares**

**Articles of Association of  
Royal Connaught Residential Home Limited**

(New articles adopted by Special Resolution dated [●] 2025)

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## Part 1 Interpretation and limitation of liability

### 1. Defined terms

1.1 In these articles, unless the context requires otherwise:

**articles:** means the Connaught's articles of association;

**Authority:** means the States of Alderney;

**chairman:** has the meaning given in article 12;

**chairman of the meeting:** has the meaning given in article 39;

**Charities Legislation:** means The Charities etc (Guernsey and Alderney) Ordinance, 2021 and the Charities etc (Amendments, Exemptions, Governance and Specified Amount) (Guernsey and Alderney) Regulations 2021 and any other law, ordinance regulations or legislation which has the force of law in the Bailiwick of Guernsey concerning charities;

**Companies Law:** means the Companies (Alderney) Law, 1994;

**Company:** has the same meaning as the Connaught (and is used interchangeably);

the **Connaught:** means The Royal Connaught Residential Home Limited a registered company limited by shares at the Alderney Company Registry and registered as a charity with the Registrar of Charities in Guernsey;

**director:** means a director of the Connaught; **board member** means a director and **Board** means the board members acting collectively at a board meeting. The directors shall also be the Members of the Governing Body referred to in the Charities etc (Amendments, Exemptions, Governance and Specified Amount) (Guernsey and Alderney) Regulations 2021 .

**document:** includes, unless otherwise specified, any document sent or supplied in electronic form;

**fully paid:** in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

**member:** means the holder of a share in the company;

**managing officials** shall mean the Members of the Governing Body referred to in the Charities etc (Amendments, Exemptions, Governance and Specified Amount) (Guernsey and Alderney) Regulations 2021 also called the officers of the Charity in The Charities etc (Guernsey and Alderney) Ordinance, 2021.

**member:** means the holder of one or more shares in the Connaught;

**ordinary resolution:** means a resolution passed (subject to the articles):

- when passed as a written resolution, an ordinary resolution is passed if it is passed by members representing a simple majority of the total voting rights of eligible members;
- when passed at a meeting by a show of hands, an ordinary resolution is passed if it is passed by a simple majority of the members, or duly appointed proxies of members, who vote in person on the resolution;

**participate:** in relation to a board meeting, has the meaning given in article 10;

**senior officer:** means the Chief Executive or another civil servant of the Authority designated by the Chief Executive as a senior officer for the purpose of these articles;

**shareholder:** has the same meaning as member (and is used interchangeably);

**shares:** means shares in the Connaught;

**special resolution:** means a resolution passed by a majority of not less than 75%:

- when passed as a written resolution, a special resolution is passed if it is passed by members representing not less than 75% of the total voting rights of eligible members. A written resolution is not passed as a special resolution unless it was proposed as such and once so proposed it may only be passed as a special resolution.
- when passed at a meeting by a show of hands, a special resolution is passed if it is passed by not less than 75% of the members, or duly appointed proxies of members, who vote in person on the resolution.

**subsidiary and holding company:** have the meanings given in the Schedule to The Prescribed Businesses (Bailiwick of Guernsey) Law, 2008.

1.2 Unless the context otherwise requires,

- (a) words in the singular include the plural and vice versa;
- (b) words importing any gender includes all genders;
- (c) person includes corporate and incorporate bodies;
- (d) headings and notes are included for convenience and do not affect meaning;

- (e) references to writing include any method of representing or reproducing words in a legible and non-transitory form;
- (f) other words or expressions contained in these articles bear the same meaning as in the Companies Law.

## **2. Liability of members and membership**

- 2.1 The liability of a member is limited to the amount, if any, unpaid on the shares held by them.
- 2.2 Only holders of shares shall be members of the Connaught. A shareholder ceasing to hold shares shall cease to be a member of the Connaught from the time of registration in the shareholders register of the transfer, cancellation or forfeiture of their shares.

## **Part 2 Charitable and ownership status**

### **3. Charitable status and objectives**

- 3.1 The Connaught has the charitable object of providing relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage within the meaning of the Charities etc. (Guernsey and Alderney) Ordinance, 2021. It seeks to achieve this by progressing the advancement of health by providing affordable and sustainable health and social care to elderly residents of Alderney.
- 3.2 In addition to the principal object described in Article 3.1, the Connaught will co-operate with:
  - (a) Milly's Foundation for the purposes of providing confidential help and support to residents who may be living with dementia; and
  - (b) Alderney Age Concern to support and enable access to their activities.
- 3.3 In the delivery of its services the Connaught will promote:
  - (a) the dignity and self-worth of all its residents and strive to enhance and maintain each residents quality of life by delivering person centred services;
  - (b) the following values:
    - (i) Human and civil rights;

- (ii) Independence;
- (iii) Dignity;
- (iv) Respect;
- (v) Choice and control;
- (vi) Health, well-being and safety;
- (vii) Social inclusion, non-discrimination and community participation,

in accordance with its aim to provide the best possible person-centred care and an enhanced quality of life for its residents and the older adults of Alderney.

3.4 In the performance of its charitable objects:

- (a) the Connaught shall maintain its' registration as a charity on the Charities Register of Guernsey and Alderney with the Guernsey Registry or any other successor body, subject to it being legally entitled to be registered;
- (b) the board members as they are appointed from time to time, being the persons with the general control and management of the administration of the Connaught shall alone be the managing officials for the purposes of its registration in the Charities Register under subparagraph 3.4(a) above;
- (c) the Connaught shall operate its activities under the name of 'The Connaught';
- (d) the board members shall promote accountability, integrity and public confidence in its management and administration whether to service users or to the wider community and shall comply with the financial probity and transparency obligations set out in Part 3 of these articles.
- (e) that the directors shall be under a duty to:
  - (i) act in good faith at all times and with a general duty of care;
  - (ii) regularly review the activities of the Connaught to ensure that the Connaught remains able to achieve its charitable objectives effectively;
  - (iii) ensure that the Connaught provides a public benefit to the community of Alderney, and complies with the requirements of the Charities Legislation relating to its registration as a charity; and

- (iv) to take all reasonable measures to ensure that the financial position of the Connaught is satisfactory and prudent for achieving the Connaught's charitable objectives

as more particularly set out in Part 3 of these articles.

### **Public Benefit**

3.5 The board members shall seek to enable the Connaught to meet, at all times, the public benefit test in connection with its charitable objects and operations so as to remain in compliance with The Charities etc (Guernsey and Alderney) Ordinance 2021.

3.6 The charitable objects are set out in this article 3. They are exclusively charitable by reason of the following benefits:

- (a) the provision of high quality purpose built accommodation for elderly residents of the Island of Alderney whose eligibility to occupy the accommodation is not dependent upon their financial circumstance;
- (b) the provision of high quality health and social care to residents of the Connaught and or other elderly residents living on the Island of Alderney;
- (c) The funding of that accommodation and / or care will be met by resident Long Term Health Care Fund and or other Health and Social Care revenue, supplemented by public gifts, donations and fund raising;
- (d) enabling access by residents of the Connaught and or other elderly residents living on the Island of Alderney to other charitable specialist care and or support services.

3.7 All residents on the Island of Alderney are eligible for a residency at the Connaught, (**direct beneficiaries**) subject only to rooms and services being available and provided that their health and clinical needs can be suitably met by the care that is able to be provided. A persons financial circumstances is not a factor which governs eligibility. **Indirect beneficiaries** such as the immediate family of the residents will receive benefits by the provision of care and resources to the direct beneficiary, including support in, and respite from, care obligations.

### **4. Ownership by Authority**

- 4.1 Whilst the Authority is the sole member of the Connaught, the directors will not exercise any power in respect of the following matters without the prior written consent of the Authority and the articles shall be read and construed subject to this article 4:
- (a) appoint or terminate the appointment of a director;
  - (b) appoint or terminate the service contract of any senior employee of the Connaught, and **senior employee** means either an executive director or any other person who is being paid remuneration of £50,000 or more per annum;
  - (c) enter into arrangements for a loan, charge, mortgage, overdraft or other form of borrowing (other than a credit arrangement for goods or services in the normal course of business);
  - (d) allot or grant any shares or options for shares in the Connaught;
  - (e) engage in litigation, arbitration, tribunal or other dispute resolution process (other than debt collecting in the normal course of its activities);
  - (f) propose or pass a resolution to wind up the Connaught or take any action in connection with any other form of insolvency proceedings, reorganisation, reconstruction or administration of the Connaught.
- 4.2 Whilst the Authority is the sole member of the Connaught, the directors and the Authority shall agree and maintain a memorandum of understanding or similar protocol setting out the respective reporting, communication and financial obligations of each of the Connaught and the Authority (as the sole member and as landlord of the Connaught's premises) and whether owed to each other or to an appropriate third party.
- 4.3 Whilst the Authority is the sole member of the Connaught, a person who is an elected member or a senior officer of the States of Alderney shall not be eligible to be appointed or (if a director when elected) to continue as a director of the Connaught. A senior officer of the States of Alderney but not an elected member is eligible to be appointed as the company secretary.
- 4.4 In these articles a reference to the Authority shall be (unless otherwise stated) to the Authority acting as the sole member and /or landlord of the Connaught and not in any other capacity (whether as the governmental authority for Alderney, or as the planning or other regulatory body or in any other capacity) and in the event that the Authority shall no longer be the sole member a reference to the Authority in these articles shall be construed as a reference to the shareholder or shareholders of the Connaught.

## **Part 3 Management of the Connaught**

5. This part 3 describes and establishes the management structure and operational practices of the Connaught.

### **Executive and non-executive directors**

- 5.1 Unless the shareholders resolve otherwise by ordinary resolution, the Board shall comprise two executive directors whose roles are set out in articles 5.5 and 5.6, and three non-executive directors whose roles are set out in in article 5.7. The two executive directors are:
- (a) a Finance & Commercial Executive Director, and
  - (b) an Operations Executive Director.

### **Managing Officials Roles under the Charities Legislation**

- 5.2 Pursuant to the requirements of the Charities Legislation:
- (a) the Finance & Commercial Executive Director shall be and shall perform the duties of **Treasurer**;
  - (b) one of the non-executive directors shall be appointed and perform the duties of **Chairperson**;
  - (c) either one of the non-executive directors, (not being the Chairperson), or the Operations Executive Director shall be appointed and perform the duties of **Secretary**.
- 5.3 For the avoidance of doubt,
- (a) the person appointed Chairperson shall (subject to any other provisions of these articles) be the chair of the Board and chair all meetings of board members and shall also chair all members meetings; and
  - (b) the Secretary shall be appointed as and be the Company Secretary (subject to the articles).

### **Roles and conditions of appointment of the executive directors**

- 5.4 The following provisions apply to the appointment of the executive directors:

#### **Finance & Commercial Executive Director and Operations Executive Director**

- (a) The Finance & Commercial Executive Director and the Operations Executive Director shall each
  - (i) (and subject to article 4.1(a) be appointed under an employment contract with the Connaught; and
  - (ii) which shall be for a fixed period of three years; and
  - (iii) which can be renewed or extended or brought to an end by notice served by the person appointed or the Connaught.
  
- (b) The appointment (and the terms and conditions of employment):
  - (i) commences on the same date as the directors appointment as a director under these articles; and
  - (ii) runs concurrent with the directors term and rotation under the articles; and
  - (iii) a condition of the service contract shall be that the person appointed shall serve as a director; and
  - (iv) fulfil, in the case of the Finance & Commercial Executive Director, the role of Treasurer referred to in article 5.2(a).
  
- (c) If:
  - (i) the Finance & Commercial Executive Director or the Operations Executive Director (as the case may be) shall resign, be suspended or their service contract is for any reason terminated, prior to the end of its term and is not renewed or extended or they are for whatever reason no longer eligible to be or able to serve as a director of the Connaught;
  - (ii) the director shall automatically cease to be a director of the Connaught; and
  - (iii) the board shall appoint another current member of the Board (not being the Chairperson or Secretary or an executive director) or another suitably qualified person who is not at that time a current board member to that position (and which in the case of an appointment under this subparagraph (iii) need not be on an executive basis);
  - (iv) and,

- (i) in the case of the Finance & Commercial Executive Director, the appointment shall also be to the role of Treasurer; and
  - (ii) in the case of the Operations Executive Director who has also been appointed the Secretary, the Board shall appoint a Secretary; and
- (v) that person shall serve until the next meeting of the members or the passing of an ordinary resolution, confirming the appointment or making new provision, including:
  - (i) in the case of the Finance & Commercial Executive Director, the appointment of a Treasurer; or
  - (ii) in the case of the Operations Executive Director (if they have been appointed Secretary) the appointment of a Secretary .
- (d) The appointment, remuneration and the terms and conditions of their service contracts of the Finance & Commercial Executive Director and the Operations Executive Director shall be recommended by the remuneration committee being a committee of the non-executive directors and the agreed remuneration, terms and conditions being confirmed by ordinary resolution of the Authority.

5.5 The role of the Finance & Commercial Executive Director shall be that set out in their service contract but shall include as a requirement:

- (a) To provide leadership and direction to corporate governance, risk management and regulatory compliance for the Connaught;
- (b) To manage and strengthen budget forecasting, budgeting and financial control mechanisms;
- (c) To manage and integrate financial discipline across all departments of the Connaught;
- (d) To establish manage and continue improvement of the Connaught's quality management systems so as to enhance:
  - (i) Clarity of purpose;
  - (ii) Project management capability;
  - (iii) Financial planning;

(iv) Governance structures ; and

(v) Auditable procedures.

5.6 The role of the Operations Executive Director shall be that set out in their service contract but shall include as a requirement:

(a) To be head of profession for the care personnel staff at the home;

(b) As the Care Home Manager, ensure that the home complies with Health & Social Care and other regulatory requirements as a residential care home, including but not limited to clinical procedures, drug and medicine dispensation, quality care and well-being standards, hygiene, health and safety standards to residents staff and visitors, data protection compliance for the personal data of residents and staff, and staffing and rota requirements.

5.7 The duties of the non-executive directors shall be those assigned to them on appointment and then from time to time in accordance with the Directors Appointment Policy and the directors appointment criteria and shall:

(a) provide support to the Executive Directors in the performance of their services;

(b) challenge and act as a counter balance to the Executive Directors on all matters but including finance, policies and direction so as to enable the Connaught, so far as it is able, to be, and remain, in compliance with these articles;

(c) be:

(i) the remuneration committee in relation to the setting and review of salaries and the terms and conditions of the Executive Directors service contracts;

(ii) taking advice where appropriate as to the appropriate level of salaries and the terms and conditions that should apply; and

(iii) act as the employer in any employment issue or dispute concerning the service contracts or an Executive Director's performance; and

(d) take the lead on all discussions with the Authority on all matters affecting the Connaught, including (but not limited to) those concerning finance, the lease of premises, project establishment and management and regulatory compliance.

## **Part 4 Administrative and Constitutional Provisions**

### **Board Members' general authority**

6. Subject to the articles, the board members are responsible for the management of the Connaught's business, for which purpose they may exercise all the powers of the Company.

### **Shareholders' reserve power**

- 7.1 The shareholders may, by special resolution, direct the board members to take, or refrain from taking, specified action.
- 7.2 No special resolution under article 7.1 invalidates anything which the board members have done before the passing of the resolution.

### **Board may delegate**

- 8.1 Subject to the articles, the Board may delegate any of the powers which are conferred on them under the articles:
  - (a) to one of the board members or a committee of board members; and
  - (b) on those terms and conditions as they think fit.
- 8.2 The Board may at any time fully or partially revoke any delegation or alter its terms and conditions.

### **Committees**

- 9.1 Committees to which the Board's powers have been delegated must follow the same procedures (as far as applicable) in these articles governing board members decision making.
- 9.2 The Board may make rules of procedure for any committee, which prevail over rules derived from these articles if they are inconsistent with them.

### **Board members to take decisions collectively**

10. The general rule is that any decision of the Board must be either a majority decision at a meeting or a decision taken in accordance with article 11.

### **Unanimous decisions**

- 11.1 A decision of the Board is taken in accordance with this article when all eligible board members indicate to each other by any means that they share a common view on a matter.
- 11.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible board member or to which each eligible board member has otherwise indicated agreement in writing.
- 11.3 References in this article to eligible board members are to board members who would have been entitled to vote on the matter had it been proposed as a resolution at a Board meeting.
- 11.4 A decision may not be taken in accordance with this article if the eligible board members would not have formed a quorum at such a meeting.

### **Calling a Board meeting**

- 12.1 Any board member may call a Board meeting by giving notice of the meeting to the board members or by authorising the company secretary to give that notice.
- 12.2 Notice of any Board meeting must indicate—
- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that board members participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 12.3 Notice of a Board meeting must be given to each director and to the authority's representative referred to in article 13.4. Notice need not be in writing at the time of giving the notice but it must be confirmed in writing by the person giving the notice within 48 hours after the notice has been given.
- 12.4 If notice under article 12.3 has been given and then confirmed in writing after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

### **Participation in Board meetings**

- 13.1 Subject to the articles, board members (and in construing article 13.1 to 13.3 only, the term **board members** include a reference to the authority's

representative), participate in a Board meeting, or part of a Board meeting, when:

- (a) the meeting has been called and takes place in accordance with the articles, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 13.2 In determining whether board members are participating in a Board meeting, it is irrelevant where any board member is located or how they communicate with each other.
- 13.3 If all the board members participating in a meeting are not in the same place, they may agree the meeting is to be treated as taking place wherever any of them is.
- 13.4 The Authority shall be entitled, but not obliged, to appoint an authorised representative being either a senior officer of the Authority or an elected member to attend and speak at Board meetings but who shall not be a board member or entitled to vote. The identity of the senior officer or elected member shall be notified by the Authority to the chairperson of the Connaught upon their appointment and then subsequently each time that officer is changed.

#### **Quorum for directors' meetings**

- 14.1 At a Board meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 14.2 The quorum for Board meetings may be fixed from time to time by a decision of the board members, but it must never be less than three, and unless otherwise fixed it is three.
- 14.3 If the total number of board members for the time being is less than the quorum required, the board members must not take any decision other than a decision—
- (a) to appoint further board members, or
  - (b) to call a general meeting so as to enable the shareholders to appoint further board members.

#### **Number of board members**

- 15.1 Unless otherwise authorised by an ordinary resolution of the shareholders the number of board members shall be not less than three persons or more than five persons.
- 15.2 Notwithstanding Article 5.1, the Board may exercise all the powers of the Connaught and make any decision as the Board of the Connaught during any period where there is a quorum under Article 14.2 but there are (during that period) less than 2 executive directors or 3 non-executive directors appointed.
- 15.3 If the circumstances of Article 15.2 arise, the Board (in consultation with the Authority) shall use all reasonable efforts to promptly procure the appointment of a person or persons to fill the executive or non-executive directors vacancies as soon as reasonably possible (as the case may be).

### **Chairing of Board meetings**

- 16.1 The non-executive director appointed as chairperson under article 5.2(b) shall chair the Board meetings.
- 16.2 The board members may terminate the chairperson's appointment at any time but if they do so they must at the same time appoint a non-executive director to be the new chairperson in compliance with article 5.2(b) and must give notice of that appointment to the Registrar of Charities within 21 days of that decision.
- 16.3 If the chairperson is not participating in a Board meeting within ten minutes of the time at which it was to start, the participating board members must appoint one of themselves to chair that meeting (and in these circumstances the chairperson need not be a non-executive director).

### **Casting vote**

- 17.1 If the numbers of votes for and against a proposal are equal, the chairperson or other director chairing the meeting has a casting vote.
- 17.2 But this does not apply if, in accordance with the articles, the chairperson or other board member is not to be counted as participating in the decision-making process for quorum or voting purposes.

### **Conflicts of interest**

- 18.1 If a proposed decision of the board members is concerned with an actual or proposed transaction or arrangement with the Connaught in which a board member is interested, that board member is not to be counted as participating in the decision-making process for quorum or voting purposes.

- 18.2 But if article 18.3 applies, a board member who is interested in an actual or proposed transaction or arrangement with the Connaught is to be counted as participating in the decision-making process for quorum and voting purposes.
- 18.3 This paragraph applies when—
- (a) the board member's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - (b) the board member's conflict of interest arises from a permitted cause.
- 18.4 For the purposes of this article, the following are permitted causes
- (a) the board member is an employee of the Connaught, except where the proposed decision relates to the remuneration of, or concerns the employment terms and conditions and their application to, the board member;
  - (b) the fact that the board member has been appointed by the Authority.
- 18.5 For the purposes of this article, references to proposed decisions and decision-making processes include any board meeting or part of a board meeting.
- 18.6 Subject to article 18.7, if a question arises at a board meeting or of a committee of board members as to the right of a board member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairperson whose ruling in relation to any board member other than the chairperson is to be final and conclusive.
- 18.7 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairperson, the question is to be decided by a decision of the board members at that meeting, for which purpose the chairperson is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### **Records of board decisions to be kept**

19. The Board must ensure that the Connaught keeps a record, in writing, for at least 7 years from the date of the decision recorded, of every unanimous or majority decision taken by the Board.

#### **Board discretion to make further rules**

20. Subject to the articles, the Board may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to board members.

### **Methods of appointing board members**

- 21.1 Subject to article 5.4, any person who is willing to act as a board member, and is permitted by law to do so, may be appointed to be a board member by ordinary resolution.
- 21.2 Subject to article 5.4, the Board shall propose to the Authority,
- (a) the names of potential board members in accordance with the Director Appointment Policy adopted by the Connaught as adopted from time to time (but if there is no such policy then the names and brief details of their experience) for approval by the Authority (whilst it shall remain the sole shareholder); together with
  - (b) details of the process that is to be adopted for that appointment to be made by ordinary resolution, including whether it is by holding a general meeting or the passing of a written resolution.
- 21.3 In the event that the Board does not propose potential board members (whether in accordance with the Director Appointment Policy or otherwise), within 21 days of a request by the Authority to do so, or the Authority does not give their approval to proposed director or directors nominated by the Board, then the Authority, acting reasonably, may appoint one or more board members either to fill a vacancy or as an additional board member.
- 21.4 The majority of the board members must be comprised of residents of Alderney or Guernsey.
- 21.5 The Board may appoint a person as a board member to fill any vacancy and that board member appointed under this articles shall hold office only until the next following general meeting (including an annual general meeting) or is approved by written resolution of the Authority.
- 21.6 The Board shall adopt directors appointment criteria for the board members including details of the skills and experience and job descriptions and shall regularly review these policies and may amend or update them from time to time.

### **Rotation of board members**

- 22.1 At each general meeting designated as the annual general meeting of the Connaught any board members:

- (a) who have been appointed since the last annual general meeting; or
- (b) who were not appointed or reappointed at one of the preceding two annual general meetings

must retire from office and may offer themselves for reappointment by the shareholder.

22.2 Board members shall be appointed for a maximum term of three years but are eligible for re-appointment.

22.3 Executive directors shall retire from office but shall be eligible for reappointment in accordance with their service contract and article 5.4 (b) (ii) applies.

### **Termination of board member's appointment**

23.1 A person ceases to be a board member as soon as:

- (a) he resigns his office by notice in writing delivered to the registered office of the Connaught;
- (b) in the case of an executive director, their employment contract with the Connaught is terminated or otherwise comes to an end, or the director is suspended pursuant to its provisions;
- (c) by reason of that person's mental or physical health a registered medical practitioner who is treating that person gives a written opinion to the Connaught that the person is incapable of acting as a director and is likely to remain so for more than three months;
- (d) he is absent without the permission of the board of directors for three consecutive board meetings and the board resolves that his office is vacated;
- (e) he ceases to be a director by virtue of any provision of legislation having effect in Alderney or he becomes prohibited or disqualified by law or by a decision of a regulator from being a director;
- (r) he has his affairs declared 'en desastre' or has a preliminary vesting order made against his realty, becomes bankrupt, suspends payment or compounds with his creditors, or is adjudged insolvent or any analogous events occurs under the laws of any jurisdiction;
- (t) he is removed from office under the provision of these articles.

- 23.2 The shareholder may, in general meeting by ordinary resolution or by written resolution, remove a board member before the expiration of his period of office notwithstanding any provision of these articles or any agreement between the Connaught and the board member. The removal of the board member shall be without prejudice to any claim the board member may have for the breach of any contract of employment between that board member and the Connaught.

#### **Alternate directors**

24. A board member may not appoint any other person including another board member to be an alternate director.

#### **Board members remuneration**

- 25.1 Except as set out in article 25.2, unless otherwise determined by the shareholder by ordinary resolution, and in exceptional circumstances only, no fees, salary, commission or other emolument shall be paid to any director for their services in the office of director.
- 25.2 Executive directors appointed under an employment contract
- (a) shall be entitled to be paid remuneration and receive benefits for the performance of their duties under their employment contract;
  - (b) article 5.4.(d) shall apply; and
  - (c) the executive director shall not take any part in any discussion, meeting or decision making of the Board over the terms and conditions of their employment contract or any remuneration or benefits to be paid pursuant to their employment contract.
- 25.3 A board member may claim and be paid travelling, hotel and other expenses properly incurred by him in connection with the performance of his duties as a board member.
- 25.3 The Board may approve and pay premiums for the provision of officer and director insurance for the benefit of directors and officers in the discharge of their duties for the Connaught.

#### **Company Secretary**

26. The Board shall appoint the Secretary to be the company secretary and articles 5.2 and 5.3 shall apply to that appointment. The Board may appoint additional persons or organisation as joint company secretaries with the Secretary.

## **Part 5 Shares and distributions**

### **All shares to be fully paid up**

27. No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Connaught in consideration for its issue.

### **Powers to issue different classes of share**

- 28.1 Subject to the articles, the Connaught may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 28.2 The Connaught may issue shares which are to be redeemed or are liable to be redeemed at the option of the Connaught or the holder, and the Board may determine the terms, conditions and manner of redemption of any such shares.

### **Connaught not bound by less than absolute interests**

29. Except as required by law, no person is to be recognised by the Connaught as holding any share upon any trust, and except as otherwise required by law or the articles, the Connaught is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

### **Share certificates**

- 30.1 The Connaught must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 30.2 Every certificate must specify:
- (a) in respect of how many shares, of what class, it is issued;
  - (b) the nominal value of those shares;
  - (c) that the shares are fully paid; and
  - (d) any distinguishing numbers assigned to them.

### **Replacement share certificates**

31. If a certificate issued in respect of a shareholder's shares is—
- (a) damaged or defaced, or
  - (b) lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

### **Share transfers**

- 32.1 Shares may be transferred by means of an instrument of transfer in any usual form executed by or on behalf of the transferor.
- 32.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 32.3 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 32.4 The Board may refuse to register the transfer of a share, where they suspect that the proposed transfer may be fraudulent. Whilst the Authority is the sole shareholder, a certificate signed by the Chief Executive of the Authority addressed to the Board shall be conclusive evidence of the validity of the transfer.

### **Dividends and other distributions**

- 33. The Connaught shall not declare or distribute dividends but any surplus shall be applied to the achievement of its charitable objectives.

### **Capitalisation of profits**

- 34.1 Subject to the articles, the Board may, if they are so authorised by an ordinary resolution:
  - (a) decide to capitalise any profits of the Connaught; but
  - (b) may appropriate any sum which they so decide to capitalise (a **capitalised sum**) to a shareholder.
- 34.2 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum and allotted as fully paid to shareholders pro rata to their respective existing holding in the Connaught.

## **Part 6 Decision-making by members**

### **Attendance and speaking at members meetings**

- 35.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting,

during the meeting, any information or opinions which that person has on the business of the meeting.

- 35.2 A person is able to exercise the right to vote at a general meeting when that person is able to vote, during the meeting, on resolutions put to the vote at the meeting.
- 35.3 The Board may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 35.4 In determining attendance at a general meeting, it is immaterial whether all those persons attending it are in the same place as each other.

### **Quorum for members meetings**

36. No business is to be transacted at a general meeting if the persons attending it do not constitute a quorum. A quorum is the attendance of the Authority acting by and through its authorised representative.

### **Chairing members meetings**

- 37.1 The non-executive director appointed as chairperson under article 5.2(b) shall chair general meetings if present.
- 37.2 If the chairperson is for any reason unwilling or unable to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- (a) the board members present, or
  - (b) (if no board members are present), the authorised representative of the shareholder,

shall appoint a board member or the authorised representative to chair the meeting, and that appointment must be the first business of the meeting.

- 37.3 The person chairing a meeting in accordance with this article is referred to as the chairman of the meeting.

### **Attendance and speaking by board members and non-members**

- 38.1 Board members may attend and speak at general meetings. The authorised representative of the shareholder may also speak at general meetings.

- 38.2 The chairman of the meeting may permit other persons who are not directors or the authorised representative of the shareholder, to attend and speak at a general meeting.

### **Adjournment**

- 39.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- 39.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
- (a) the meeting consents to an adjournment, or
  - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 39.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 39.4 When adjourning a general meeting, the chairman of the meeting must:
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Board, and
  - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 39.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Board must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- (a) to the members to whom notice of the general meetings is required to be given, and
  - (b) containing the same information which that notice is required to contain.
- 39.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

### **Voting at members meetings**

40. A resolution put to the vote of a members meeting must be decided on a show of hands.

### **Errors and disputes**

41. No objection may be raised to the qualification of any person voting at a general meeting provided that the requirements of article 43 have been complied with.

### **Poll votes**

42. For as long as the Authority is the sole shareholder no poll on a resolution may be demanded.

### **Appointment of Authority Representative**

- 43.1 The Authority shall in respect of each general meeting (including the annual general meeting) appoint a representative to attend, speak and exercise the Authority's vote at that meeting.
- 43.2 A written notice of authorising the representative and giving the name and position of the representative shall be sent to the registered office of the Connaught or handed to the Chairman not less than 24 hours before the meeting and shall be signed and dated by the Chief Executive or other senior officer of the Authority. The Connaught shall not be otherwise required to validate the form or authenticity of the authorisation unless the recipient on behalf of the Connaught or the Chairman suspects that it may not be genuine.
- 43.3 The authorised representative may, but is not required to be, the person appointed to attend Board meetings under article 13.4.

### **Amendments to resolutions**

- 44.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) notice of the proposed amendment is given to the Connaught in writing by the shareholder not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 44.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
  - (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 44.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

### **Resolutions in writing**

- 45. Subject to the provisions of the Companies Law, a resolution in writing signed:
  - (a) by all the board members in relation to a decision to be taken by the Board shall be as valid and effectual as if it had been passed at a board meeting or (as the case may be) a properly constituted committee of the board;
  - (b) by all the shareholders entitled to attend and vote on an ordinary resolution or a special resolution (as the case may be) shall be as valid and effectual as if passed by the Connaught in a general meeting,and in either case may consist of several documents in the like form each signed by one or more entitled to pass the resolution.

### **Annual General Meeting**

- 46. The Board shall designate a members meeting as the Annual General Meeting and which shall be held in accordance with Companies Law. The Connaught may by ordinary resolution waive the requirement to hold an annual general meeting provided that the requirements in each year in relation to the approval of the annual financial statements and accounts by the shareholder, the decision to appoint and remunerate auditors and the election of board members, including those relating to board members retiring by rotation are met by other means including through the proposal of written resolutions.

### **Extraordinary general meetings**

47. Any members meeting of the Connaught not being designated an annual general meeting shall be called an extraordinary general meeting.

## **Part 7 Administrative arrangements**

### **Means of communication to be used**

- 48.1 Subject to the articles, anything sent or supplied by or to the Connaught under the articles may be sent or supplied in any way in which the Companies Law provides for documents or information which are authorised or required by any provision of that Law to be sent or supplied by or to the Connaught.
- 48.2 Subject to the articles, any notice or document to be sent or supplied to a board member in connection with the taking of decisions by the Board may also be sent or supplied by the means by which that board member has asked to be sent or supplied with such notices or documents for the time being.
- 48.3 A board member may agree with the Connaught that notices or documents sent to that board member in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **Company seals**

- 49.1 Any common seal may only be used by the authority of the Board.
- 49.2 The Board may decide by what means and in what form any common seal is to be used.
- 49.3 Unless otherwise decided by the Board, if the Connaught has a common seal and it is affixed to a document, the document must also be signed by at least two authorised persons.
- 49.4 For the purposes of this article, an authorised person is—
- (a) any board member of the Connaught;
  - (b) the company secretary (if any); or
  - (c) any person authorised by the Board for the purpose of signing documents to which the common seal is applied.

### **Records, Record Keeping**

- 50.1 The company secretary shall cause minutes to be made and kept for inspection:

- (a) of all decisions and proceedings of Board meetings in accordance with article 19; and
- (b) of all extraordinary general meetings and annual general meetings and;
- (c) all other meetings with the shareholder,

including the names of those board members and others in attendance.

50.2 The company secretary shall maintain and kept for inspection, an accurate and up to date company register including:

- (a) those required by the Companies Law and copies of all filings with the Alderney Company Registry; and
- (b) the Registrar of Charities in Guernsey including the names and address of managing officials.

### **Financial Statements**

50.3 The Board shall cause to be prepared

- (a) records of all financial transactions by the Connaught;
- (b) a record of all contracts for goods and services entered into by the Connaught with a value of £5,000 or more.

50.4 The Board shall prepare and file in accordance with the requirements of the Companies Law and the Charity Legislation financial statements and accounting records, including

- (a) an annual financial statement showing a breakdown of income and expenditure and a balance sheet;
- (b) records of how all revenue were raised and spent;
- (c) which enables the financial position of the Connaught to be easily assessed.

50.5 In compliance with article 50.4 the financial records should

- (a) enable the amounts of all legacies, public donations, the amounts received for fundraising activities (whether carried out by the Connaught or any third party), and other sources of revenue are easily identifiable in those financial statements; and

- (b) are in sufficient detail as to enable the amount of those monies to be separately identified from all other revenue including sums received for residents fees; States benefit including the Long Term Care Fund or from any other grant or payment by the Authority.

50.6 All the minutes, company and charity filings and the records referred to in this article shall be kept for the period of 6 years from the date of their approval by the shareholder and in a form enabling them to be accessed easily.

### **Financial Controls**

50.7 The Board shall ensure that there are appropriate controls on the finances of the Connaught and shall require (amongst other things):

- (a) that all funds must pass through a bank account in the name of the Connaught;
- (b) that all expenditure over the sum of £1,000 must be authorised not less than two board members one of whom shall be the Finance and Commercial Executive Director;
- (c) that all assets of the Connaught are recorded separately to those belonging to third parties;
- (d) that there is a comprehensive set of policies and procedures kept and maintained in tangible form governing the activities of the Connaught, with those policies and procedure being reviewed not less than once in every three years.

### **Risk Mitigation**

50.8 The Board shall maintain all reasonable and appropriate internal controls against the risk of financial crime, including measures identifying:

- (a) donations that arise from outside the Bailiwick of Guernsey of £15,000 or more; and
- (b) unusual donations.

50.9 The Board shall maintain a register of beneficiaries including direct beneficiaries who are the service users and indirect beneficiaries being those persons receiving an indirect benefit from the provision of services and shall review this register on a regular basis.

### **Right to inspect accounts and other records**

50.10 Subject to article 50.11 or except as provided by law or authorised by the directors or an ordinary resolution of the Connaught, no person is entitled to inspect any of the Connaught's accounting or other records, minutes or documents merely by virtue of being a shareholder.

50.11 The Authority, whilst it is the sole shareholder shall be entitled to inspect and carry out through its appointed auditors (who may be internal officers) an audit of all accounting records, financial statements and any other records, minutes, books or document of the Connaught.

### **Regular Review of compliance with legislation**

51 The Board shall put in place arrangements for the regular review and being not less than once every 5 years of the compliance by the Connaught with

(a) all legislation relating to its activities or constitution including the Companies Law and the Charities Legislation;

(b) its operational and constitutional risks and its implemented risk mitigation measures;

(c) its policies and procedures including anti financial crime policies.

### **Distribution of assets on winding up**

52. Subject to the Companies Law upon the winding up or dissolution of the Connaught the assets of the Connaught shall not be distributed to the shareholder but shall be given to a charitable organisation in Alderney or Guernsey with similar objectives to the Connaught as described in these articles.

### **Provision for employees on cessation of business**

53. The Board may decide to make provision for the benefit of persons employed or formerly employed by the Connaught (other than a board member or former board member or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Connaught.

### **Notices**

54.1 Notice to a board member, the company secretary and the shareholder shall be properly given if:

- (a) handed personally to that board member, the company secretary or the Chief Executive of the Authority (as the case may be); or
- (b) sending it by pre-paid post to the intended recipient at the address notified to the Connaught as the address for service of notices; or
- (c) by sending it by email to the email address supplied by the intended recipient for service of notices

54.2 Any notice shall be treated as having been properly served

- (a) in the case of personal service at the time of delivery provided that this was before 5pm on a day when banks in the Bailiwick of Guernsey were open for business (a business day), but if after 5pm then on the next business day;
- (b) in the case of posting on the second day following the date of posting;
- (c) if by electronic mail then on the business day next following the day of transmission.

#### **Directors' indemnity and insurance**

55.1 Subject to article 55.2, a board member of the Connaught (including any person who was a director of the Connaught within the period of 6 years from the date that any liability referred to in this article arises) may be indemnified out of the Connaught's assets against:

- (a) any liability incurred by that board member in connection with any negligence, default, breach of duty or breach of trust in relation to the Connaught;
- (b) any liability incurred by that board member in connection with the activities of the Connaught in its capacity as a trustee of an occupational pension scheme; and
- (c) any other liability incurred by that board member as an officer of the Connaught.

55.2 This article does not authorise or provide any indemnity which arises by

- (a) fraud or criminal activity,
- (b) gross negligence,
- (c) reckless conduct;

- (d) wilful disregard of their fiduciary obligation as a director;
- (e) where that indemnity would be prohibited or rendered void by any provision of the Companies Law or by any other provision of law; or
- (f) a breach of a provision of the contract of employment under which that director is employed by the Connaught.

**Insurance**

56.1 The directors may purchase and maintain insurance, at the expense of the Connaught, for the benefit of any relevant director in respect of any relevant loss.

56.2 In this article:

- (a) a relevant director means any director or former director of the Connaught;
- (b) a relevant loss means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Connaught, or any pension fund.

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Name Address and Description of Subscribers

DAVID V JENKINS States Office Alderney Channel Islands	(sgd) David Jenkins Clerk of the States
ADRIAN R LEWIS States Office Alderney Channel Islands	(sgd) Adrian Lewis States Treasurer
Dated this 7 <sup>th</sup> day of December 1999	
Witness to the above signatures	
Signature: Name: Address:  Occupation	(sgd) Linda Parodi LINDA MARY PARODI 7B CLOS DES MURIAUX ALDERNEY GY9 3UY  P/A to CLERK OF THE STATES

