

Memorandum and
Articles of Association

SCOTTS PROJECT LIMITED

No. 3143819

Incorporated 5th January 1996

Stanley Davis

for



120 East Road, London N1 6AA
Telephone 071 251 0600
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MEMORANDUM OF ASSOCIATION

OF

SCOTTS PROJECT LIMITED

1. The Company's name is SCOTTS PROJECT LIMITED
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:-

To establish a home or homes to provide either temporary or permanent residence or residences for handicapped persons and to make provisions for the maintenance and education of such persons and their medical and nursing needs. In furtherance of the above objects the company shall have the following powers:-

- (a) To purchase, lease or otherwise acquire buildings or land or any estate or interest therein; to build new buildings or to repair, renovate, restore, rebuild, convert, alter and extend any building or land, refurbish and equip properties for the purpose of housing physically and mentally handicapped persons.
- (b) To co-operate with other charitable organisations having similar objects and to establish, promote or assist such charitable organisations.
- (c) To purchase, acquire or undertake all or any of the property, liabilities and engagements of such charitable organisations and institutions with which the Company may co-operate or federate.
- (d) To co-operate with any local or public authority or other body concerned to achieve the object of the Company.
- (e) To raise funds and to invite and receive contributions from any person or persons whatsoever by way of subscription, donation and otherwise provided that the Company shall not undertake any permanent trading activity in raising funds for its primary objects.
- (f) To take and accept any gifts of property of any description whether subject to any special conditions or not, for the purposes of the Company.
- (g) Subject to such consents as may be required by law from time to time and

subject as hereinafter provided, to borrow or raise money and to execute and issue security as the Company shall think fit including mortgages, charges or securities over the whole or any part of its assets, present or future.

(h) To draw, accept, endorse, issue or execute promissory notes, bills of exchange, bills of lading, warrants and other negotiable, transferable or mercantile instruments, for the purpose of or in connection with the objects of the Company.

(i) To invest and deal with the moneys of the Company not immediately required in such manner as the Company may from time to time determine subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as hereinafter provided.

(j) Subject to Clause 4 hereof to employ and remunerate staff; to employ and remunerate agents; and to pay or provide pensions and similar benefits to the staff of the Company and their dependants.

(k) To form any necessary subsidiary companies.

(l) To pay out of funds of the Company the costs of forming and registering the Company.

(m) To subscribe for either absolutely or conditionally or otherwise acquire and hold shares, stocks, debentures, debenture stock or other securities or obligations of any other company.

(n) Subject to such consents as may be required by law, to sell, let, mortgage, dispose of or turn to account all or any of the property or assets of the Company with a view to the furtherance of its objects.

(o) To provide indemnity insurance to cover the liability of the Directors (or any of them) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Company: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors (or any of them) knew to be a breach of trust or breach of duty or which was committed by the Directors (or any of them) in reckless disregard of whether it was a breach of trust or breach of duty or not.

(p) To subscribe to, become a member of, or amalgamate or co-operate with any other charitable organisation, institution, society or body not formed or established for purposes of profit (whether incorporated or not and whether in Great Britain or Northern Ireland or elsewhere) whose objects are wholly or in part similar to those of the Company and which by its constitution prohibits the distribution of its income and property amongst its members to an extent at least as great as is imposed on the Company under or by virtue of Clause 4 hereof and to purchase or otherwise acquire and undertake all such part of the property, assets, liabilities and engagements as may lawfully be acquired or undertaken by the Company of any such charitable organisation, institution, society or body.

(q) To establish and support or aid the establishment and support of any charitable trusts, associations or institutions and to subscribe or guarantee money for charitable purposes in any way connected with or calculated to further any of the objects of the

Company.

(r) To do all such other lawful things as shall further the attainment of the objects of the Company or any of them.

PROVIDED that:

(i) In case the Company shall take or hold any property which may be subject to any conditions, the Company shall only deal with or invest the same in such manner as allowed by law, having regard to such conditions.

(ii) The objects of the Company shall not extend to the regulation of relations between workers and employers and organisations of workers and organisations of employers.

(iii) In case the Company shall take or hold any property subject to the jurisdiction of the Charity Commissioners for England and Wales or the Secretary of State for Education and Science, the Company shall not sell mortgage charge or lease the same without such authority, approval or consent as may be required by law, and as regards any such property, the Directors or Governing Body of the Company shall be chargeable for any such property that may come into its hands and shall be answerable and accountable for their own acts receipts neglects and defaults, and for the due administration of such property in the same manner and to the same extent as they would have been if no incorporation had been effected and the incorporation of the Company shall not diminish or impair any control or authority exercisable by the Chancery Division the Charity Commissioners or the Secretary of State for Education and Science over such Council of Management or Governing Body but they shall, as regards any such property, be subject jointly and severally to such control or authority as if the Company were not incorporated.

4.1 The income and property of the Company whencesoever derived shall be applied solely towards the promotion of the objects of the Company as set forth in this Memorandum of Association, and no portion thereof shall be paid or transferred directly, by way of dividend, bonus or otherwise howsoever by way of profit, to the members of the Company.

PROVIDED that nothing herein shall prevent the payment in good faith of reasonable and proper remuneration to any officer or servant of the Company or to any member of the Company in return for any services actually rendered to the Company, nor prevent the payment of interest at a rate per annum not exceeding 2% less than the base lending rate prescribed by a clearing bank selected by the Directors on money lent to the Company or reasonable and proper rent for premises demised or let by any member of the Company to the Company.

4.2 The payment of any premium in respect of any indemnity insurance to cover the liability of the Directors (or any of them) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Company: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors (or any of them) knew to be a breach of trust or breach of duty which was committed by the Directors (or any of them) in reckless disregard of whether it was a breach of trust or breach of duty or not.

5. The liability of the members is limited.

6. Every member of the Company undertakes to contribute to the assets of the Company in the event of the same being wound up while he is a member, or within one year after he ceases to be a member, for payments of the debts and liabilities of the Company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, for the amount as may be required not exceeding one pound £1.

7. If upon the winding-up or dissolution of the Company there remains, after the satisfaction all its debts liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Company, but shall be given or transferred to some other charitable institution or institutions having objects which are similar to the objects of the Company and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Company under or by virtue of Clause 4 hereof, such institution or institutions to be determined by the members of the Company at or before the time of dissolution, and if and so far as effect cannot be given to such provision, then to some other charitable object.

8. True accounts shall be kept of the sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place, of all sales and purchases of property and goods by the Company and of the property, credits and liabilities of the Company, and subject to any reasonable restrictions as to the time and manner of inspecting the same that may be imposed in accordance with the regulations of the Company for the time being, such accounts shall be open to the inspection of the members. Once at least in every year the accounts of the Company shall be examined and the correctness of the income and expenditure account and balance sheet ascertained by one or more properly qualified Auditor or Auditors.

ARTICLES OF ASSOCIATION

OF

SCOTTS PROJECT LIMITED

DEFINITIONS AND INTERPRETATION

1. In these Articles:

"the Act" means	the Companies Act 1985, as amended or extended by any other enactment;
"the Board" means	the Board of Directors of the Company;
"the Seal" means	the common seal of the Company;
"the Secretary" means	any person appointed to perform the duties of the Secretary of the Company;
"the United Kingdom" means	Great Britain and Northern Ireland;

2. Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

3. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification of the Act in force at the date at which these Articles became binding on the Company.

OBJECTS

4. The Company is established for the objects expressed in the Memorandum of Association.

MEMBERS

5. The following persons and none others shall be members of the Company:

shall be entitled to resign his or her appointment on giving to the Secretary not less than one month's notice in writing to that effect.

PROCEEDINGS OF THE BOARD OF DIRECTORS

32. The Directors may meet together for the dispatch of business adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business. Unless otherwise determined three shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote.

33. A Director may, and on the request of a Director the Secretary shall, at any time, summon a meeting of the 'Board' by notice served upon the several Directors. A Director who is absent from the United Kingdom and who has no registered address in the United Kingdom shall not be entitled to notice of a meeting.

34. The 'Board' shall from time to time elect a Chairman and Vice Chairman and the Chairman (or failing him the Vice Chairman) shall be entitled to preside at all meetings of the Board at which they shall be present, but if no such Chairman or Vice Chairman be elected or if at any meeting the Chairman or Vice Chairman be not present within five minutes after the time appointed for holding the meeting and willing to preside, the Directors shall choose one of their members to be chairman of the meeting.

35. A meeting of the Directors at which a quorum is present shall be competent to exercise all the authorities, powers and discretions by or under the regulations of the Company for the time being vested in the 'Board' generally.

36. The Directors may delegate any of their powers to committees consisting of such Director or Directors as they think fit, and any committee so formed shall in the execution of the powers so delegated conform to any regulations imposed on it by the 'Board'. The meetings and proceedings of any such committee shall be governed by the provisions of these presents for regulating the meetings and proceedings of the 'Board' so far as applicable and so far as the same shall not be superseded by any regulations made by the 'Board' as aforesaid and all acts and proceedings of such committees shall be reported back fully to the 'Board' as soon as possible.

37. All acts bona fide done by any meeting of the 'Board' or of any committee of the 'Board', or by any person acting as a Director shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of or continuance in office of any such member or person acting as aforesaid or that they or any of them were disqualified be as valid as if every such person had been duly appointed or had duly continued in office and was qualified to be a Director.

38. The 'Board' shall cause proper minutes to be made of all appointments of officers made by the Directors and of the names of the Directors present at each 'Board' meeting and of the proceedings of all meetings of the Company and of the Directors and of committees of the Directors, and all business transacted at such meetings, and any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be sufficient evidence without any further proof of the facts therein stated.

39. A resolution in writing signed by all the members for the time being of the Directors or of any committee of the Directors who are duly entitled to receive notice

of a meeting of the Directors or of such committee shall be as valid and effectual as if it had been passed at a meeting of the Directors or of such committee duly convened and constituted.

POWERS OF THE DIRECTORS

40. The management of the business and the control of the Company shall be vested in the Board of Directors, who, in addition to the powers and authorities conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by the Act expressly directed or required to be exercised or done by the Company in General Meeting. At meetings of the Directors, each Director shall have one vote only, except that in the case of equality of votes the Chairman shall, in addition have a second or casting vote.

41. The Directors for the time being of the 'Board' may act notwithstanding any vacancy in their body, provided always that if at any time the Directors be reduced in number below the minimum prescribed by these presents, it shall be lawful for the members available to act as the 'Board' for the purpose of admitting persons to membership of the Company, filling up vacancies in their body or of summoning a General Meeting but for no other purpose.

42. The 'Board' may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing membership (but not so as to exceed the maximum number of Directors prescribed by these presents). Any person so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

43. Without prejudice to the general powers conferred by Article 40 and to the other powers and authorities conferred as aforesaid, it is hereby expressly declared that the 'Board' shall be entrusted with the following powers, namely:

PARTICULAR POWERS

(1) To pay the costs, charges and expenses preliminary and incidental to the formation and establishment of the Company and matters incidental thereto.

(2) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they may think fit.

(3) To raise or borrow money for the purposes of the Company from any person, corporation or other body and may with the approval of the Charity Commissioners for England and Wales secure the repayment of the same together with any interest and premium thereon, by Mortgage or charge upon the whole or any part of the assets and property of the Company, present and future, and to issue bonds, debentures, or debenture stock, either charged upon the whole or any part of the assets and property of the Company or not so charged, and in connection therewith to take out and keep on foot sinking fund or redemption policies.

(4) At their discretion to pay for any property or rights acquired by or services rendered to the Company either wholly or partially in cash or in bonds,

debentures, or other securities of the Company.

(5) With the approval aforesaid to secure the fulfilment of any contracts or engagements entered into by the Company by Mortgage or charge of all or any of the property and rights of the Company or in such manner as they may think fit.

(6) To appoint and at their discretion, remove or suspend such officers and other staff for permanent, temporary or special services as they may from time to time think fit, and to determine their duties and fix their salaries or emoluments, and to require security in such instances and to such amount as they think fit.

(7) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company.

(8) To refer any claims or demands by or against the Company to arbitration and observe and perform the awards.

(9) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.

(10) To determine who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents.

(11) From time to time to make all such regulations and bye-laws as they think proper with regard to the affairs and concerns of the Company, and from time to time to repeal and alter the same or make others in lieu thereof as may seem expedient. Provided that the same do not contravene any of the provisions herein contained, and provided that no bye-laws or regulations shall be made under this power which would amount to such an addition to or modification of the Articles of Association as could only legally be made by a Special Resolution passed in accordance with the provisions of Section 378 of the Act.

44. The Company may from time to time by ordinary resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

45. The Company may by ordinary resolution, of which special notice has been given in accordance with section 379 of the Act, remove any member of the Board before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such member.

46. The Company may by ordinary resolution appoint another person in place of a member of the Board removed from office under the immediately preceding Article. Without prejudice to the powers of the Directors under Article 42 the Company in General Meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. The person appointed to fill such vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the member in whose place he is appointed was last elected as a Director.

DISQUALIFICATION OF DIRECTORS

47. The office of a Director shall be vacated:-

- (A) If he becomes bankrupt or insolvent or compounds with his creditors.
- (B) If he becomes of unsound mind.
- (C) If he be convicted of an offence the commission of which by a Director could bring the Company into disrepute.
- (D) If he is requested in writing by a majority of his fellow Director to resign.
- (E) If he gives to the 'Board' one month's notice in writing to the effect that he resigns his office.
- (F) If he ceases to be a member by virtue of Section 293 of the Act.

48. A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract, arrangement, or dealing with the Company, shall declare the nature of his interest at a Meeting of the 'Board', and subject thereto and subject to the right of the remaining Directors to resolve that he withdraw and not vote on the particular matter, he may be counted in the quorum present at any meeting of the Directors whereat such contract, arrangement or dealing with the Company is considered or entered into and may vote in respect thereof.

SECRETARY

49. The Secretary shall be appointed by the Directors on such terms as to length of service, remuneration and generally as the Directors may think fit and the Directors may remove any Secretary so appointed. The provisions of section 283 and 284 of the Act shall be observed. The Directors may from time to time appoint a deputy or assistant Secretary who may act in the place of the Secretary if there be no Secretary or no Secretary available to act or capable of acting.

THE SEAL

50. The seal of the Company shall not be affixed to any instrument except by the express authority of a resolution of the Directors or of a committee of the Directors empowered thereto, and in the presence of two Directors and of the Secretary or such person other than the Secretary as the Directors may appoint for the purpose, and such Directors and the Secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence, and in favour of any purchaser or person bona fide dealing with the Company such signatures shall be conclusive evidence of the fact that the seal has been properly affixed.

INCOME OF THE COMPANY

51. The income of the Company shall be applied solely towards the promotion of all or any of the objects of the Company as set forth in the Company's Memorandum of Association as the 'Board' may from time to time think fit with power to the Directors to create a reserve fund or reserve funds to be applicable for any such purposes, and, if the Directors shall think fit, also to apply all or any part of the reserve fund

appropriated to any particular purpose to any other one or more of such purposes, and, pending any such application, any reserve fund may at the discretion of the Directors either be employed in the business of the Company or be invested from time to time in such investment as the Company may think fit.

ACCOUNTS

52. The 'Board' shall cause proper books of account to be kept:-

(a) Of the sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place.

(b) Of all sales and purchases of property and goods by the Company.

(c) Of the assets and liabilities of the Company.

proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

53. The books of account shall be kept at the office or, subject to Section 227 of the Act, at such other place or places as the Directors may determine, and shall always be open to the inspection of the Directors. The Directors may from time to time by resolution determine whether and to what extent and at what times and places and on what conditions the books and accounts of the Company or any of them shall be open to the inspection of the members not being the Directors, and the members shall have only such rights of inspection as are given to them by the Act or by such Resolution as aforesaid.

54. At the Annual General Meeting in every year the Directors shall lay before the Company an income and expenditure account for the period since the preceding account, or in the case of the first account since the incorporation of the Company, made up to date not more than six months before such meeting. A balance sheet as at the date to which income and expenditure account is made up, shall be made out and laid before the Company at the Annual General Meeting. Every such balance sheet shall be accompanied by proper reports of the Board and the Auditors. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting, together with a copy of the Auditor's report, shall, twenty one clear days previously to such meeting, be sent to the Auditor and every member entitled to receive notices of the General Meeting in the manner in which notices are hereinafter directed to be served.

AUDIT

55. Auditor's shall be appointed and their duties regulated in the manner provided by Sections 384 to 392 (inclusive) of the Act or any statutory modification thereof for the time being in force.

NOTICES

56. A notice may be served by the Company upon any member either personally or by sending it through the post addressed to such member at his registered address.

57. No member shall be entitled to have a notice served on him at any address not

within the United Kingdom, and any member whose registered address is not within the United Kingdom may by notice in writing require the Company to register an address within the United Kingdom which for the purpose of the service of notices, shall be deemed to be his registered address. Any member not having a registered address within the United Kingdom, and not having given notice as aforesaid, shall be deemed to have received in due course any notice which shall have been displayed in the office and shall remain there for the space of forty eight hours, and such notice shall be deemed to have been received by such member at the expiration of twenty four hours from the time when it shall have been so first displayed.

58. Any notice if served by post shall be deemed to have been served at the expiration of forty eight hours after the same shall have been posted, and in providing such service it shall be sufficient to prove that the envelope containing the notice was properly addressed and stamped and put into the post office or into any post box subject to the control of the postmaster General.

DISSOLUTION

59. Clause 7 of the Memorandum of Association relating to the winding up and dissolution of the Company shall have effect as if the provisions thereof were repeated in these Articles.

HEADINGS

60. The headings of these Articles shall not be taken as part of them or in any manner affect the interpretation or construction of the same.

NAMES AND ADDRESSES OF SUBSCRIBERS

JUNE GAMON
BLACK CHARLES
UNDERRIVER, KENT

MICHAEL ARMSTRONG
EGGPIE LANE
HILDENBOROUGH, KENT

JOHN DAVIS CLEVELY
HEATH FARMHOUSE
POSTERN LANE
TONBRIDGE, KENT

JILL ANGELA MARY SCOTT
GRENADIER
RIDING LANE
HILDENBOROUGH, KENT

Dated the 15th December 1995

WITNESS to the above signatories:-

B. RISSIK
ROCK ROBIN
UNDERRIVER
KENT TN15 0SL