LAPFORD MILL HERITAGE RAILWAY CIC

PART TWO

Articles of Association

Lapford Mill Heritage Railway CIC

A Community Interest Company Limited by Guarantee

DRAFT — FOR REVIEW AND LEGAL ADVICE BEFORE SUBMISSION

Note: These Articles are drafted for a company limited by guarantee with no share capital, incorporating the statutory CIC provisions required by the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005. They should be reviewed by a solicitor before submission to Companies House. The company name must be approved by the CIC Regulator before or at the point of incorporation.

Article 1 — Interpretation

1.1 In these Articles, unless the context otherwise requires:

- "the Act" means the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force;
- "the CIC Act" means the Companies (Audit, Investigations and Community Enterprise) Act 2004;
- "the CIC Regulations" means the Community Interest Company Regulations 2005 (SI 2005/1788) as amended;
- "the Company" means Lapford Mill Heritage Railway CIC;
- "the Articles" means these Articles of Association as amended from time to time;
- "Director" means a director of the Company;
- "Member" means a member of the Company;
- "the Regulator" means the CIC Regulator appointed under the CIC Act;
- "writing" includes electronic communication where permitted under the Act.

1.2 Words importing the singular include the plural and vice versa. References to any statute include any statutory modification or re-enactment.

Article 2 — Name

2.1 The Company's name is Lapford Mill Heritage Railway CIC.

Article 3 — Community Interest Company Status

3.1 The Company is a Community Interest Company as defined by the CIC Act.

3.2 The Company shall at all times comply with the requirements of the CIC Act and the CIC Regulations applicable to it, and shall conduct its affairs in a manner consistent with its community benefit purposes.

Article 4 — Purpose and Community Benefit

4.1 The purpose of the Company is to carry on activities for the benefit of the community, specifically:

- To preserve, operate, and share a miniature heritage railway for educational, recreational, and cultural benefit;
- To advance community wellbeing, education, and heritage awareness through the operation of and engagement with the railway at Lapford Mill, Lapford, Devon;
- To provide structured volunteering, skills development, and intergenerational participation opportunities;
- To promote STEM awareness and engineering heritage through publicly accessible activities.

4.2 In carrying out its purposes, the Company shall ensure that its activities are open to the community without unreasonable restriction.

4.3 The Company shall operate within the Operational Boundaries Statement adopted by the Board from time to time, which shall make clear that the Company does not own the land or railway infrastructure used in its activities, these assets remaining in private ownership and being made available under the terms of the Operating Licence Agreement.

Article 5 — Asset Lock

5.1 The Company's assets must be used or applied for community benefit purposes. This is the asset lock.

5.2 The Company may transfer assets only:

- For full market value or equivalent consideration; or
- To an asset-locked body (being another CIC, a charity, or a body specified in Schedule 2 of the CIC Regulations); or
- In accordance with a court order.

5.3 The Company shall not make any payment or transfer assets to a Member or Director except as permitted by the Act, the CIC Regulations, or these Articles.

5.4 The Directors shall ensure that no transaction is entered into that would breach the asset lock.

Article 6 — Liability of Members

6.1 The liability of each Member is limited to £1 (one pound), being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while they are a Member or within one year after they cease to be a Member.

Article 7 — Members

7.1 The Company shall have Members. The Directors may admit to membership any person who applies in writing and whose admission is approved by the Board.

7.2 The initial Members shall be the subscribers to the Memorandum of Association.

7.3 Membership is not transferable. A Member ceases to be a Member on death, resignation (by written notice to the Company), or removal by the Board where the Member has acted in a manner contrary to the interests of the Company.

7.4 Members shall have the right to attend and vote at General Meetings but shall not, by virtue of membership alone, have any right to control or direct the operations of the Company or to claim any interest in the Company's assets.

Article 8 — General Meetings

8.1 The Company shall hold an Annual General Meeting (AGM) within six months of the end of each financial year.

8.2 Notice of an AGM shall be given in writing to all Members not less than 14 clear days before the meeting.

8.3 The quorum for a General Meeting is three Members or one third of the total membership (whichever is the lesser), present in person or by proxy.

8.4 Each Member shall have one vote. Resolutions shall be passed by a simple majority unless these Articles specify otherwise.

8.5 The Directors may convene a Special General Meeting at any time. They shall do so if requested in writing by Members representing not less than one quarter of the total membership.

Article 9 — Directors

9.1 The Company shall be managed by a Board of Directors.

9.2 The minimum number of Directors shall be two. There shall be no maximum.

9.3 The initial Directors shall be:

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- [Independent Community Representative — to be appointed at or before incorporation]

9.4 The Directors shall include at least one person who is not an asset owner (i.e. neither the owner of the land nor the owner of the railway infrastructure). This independent Director shall be elected by the Members at each AGM.

9.5 A Director need not be a Member of the Company.

9.6 A Director shall vacate office if they:

- Resign by written notice to the Company;
- Become incapable by reason of mental or physical ill health of managing their affairs;
- Are absent without permission from three consecutive Board meetings;
- Are disqualified from acting as a director under the Act;
- Are removed by ordinary resolution of the Members at a General Meeting.

Article 10 — Powers and Restrictions of Directors

10.1 Subject to the Act, the CIC Act, these Articles, and any direction given by special resolution of the Members, the Directors shall manage the business and affairs of the Company and may exercise all powers of the Company.

10.2 In exercising their powers, the Directors shall act in the best interests of the community and in accordance with the Company's community benefit purposes.

10.3 The Directors are specifically restricted from:

- Claiming or asserting any ownership of or interest in the land at Lapford Mill or the railway infrastructure, rolling stock, or fixed assets owned by private individuals;
- Entering into any agreement that purports to give the Company rights over privately owned assets beyond those granted in the Operating Licence Agreement;

- Using Company funds to acquire privately owned railway assets, land, or infrastructure without the prior written consent of the asset owners;
- Distributing surplus income or assets to Members or Directors except as permitted by the CIC Regulations.

10.4 Any material commitments, capital expenditure, or long-term agreements entered into by the Company must be consistent with the Operating Licence Agreement and must not extend beyond the duration of that agreement without the written consent of the asset owners.

Article 11 — Board Meetings

11.1 The Directors shall hold Board meetings not less than four times in each calendar year.

11.2 The quorum for a Board meeting shall be two Directors.

11.3 Decisions shall be made by a majority of Directors present and voting. In the event of an equal division of votes, the chair of the meeting shall have a casting vote.

11.4 A Director shall not vote on any matter in which they have a direct personal financial interest and shall declare any conflict of interest at the earliest opportunity.

11.5 Minutes shall be kept of all Board meetings and shall be available to Members on request.

Article 12 — Financial Matters

12.1 The financial year of the Company shall run from [date] to [date] each year, or as determined by the Board from time to time.

12.2 The Company shall maintain proper accounting records in accordance with the Act and applicable accounting standards.

12.3 The Company shall prepare and file annual accounts and a CIC Annual Report (including the community interest statement required by the CIC Regulations) with Companies House within the statutory period.

12.4 All income and assets of the Company shall be applied solely toward its community benefit purposes and the costs of administration reasonably incurred in pursuit of those purposes.

12.5 The Directors may pay reasonable remuneration to employees and reasonable expenses to Directors where incurred in the proper conduct of the Company's affairs, subject to the CIC Regulations.

Article 13 — Indemnity and Insurance

13.1 Subject to the provisions of the Act, the Company may indemnify any Director or officer of the Company against any liability incurred in that capacity, to the extent permitted by law.

13.2 The Company may purchase and maintain insurance for or for the benefit of any Director or officer against any liability incurred by them in that capacity.

Article 14 — Amendment of Articles

14.1 These Articles may be amended by special resolution of the Members, subject to:

- The approval of the CIC Regulator where required by the CIC Regulations;

- The requirement that no amendment may remove or weaken the asset lock provisions in Article 5;
- The requirement that no amendment may remove or weaken the operational restrictions in Article 10.3 concerning the ownership of privately held assets;
- The requirement that no amendment may change the community benefit purposes of the Company without the approval of the CIC Regulator.

Article 15 — Dissolution and Winding Up

15.1 If the Company is wound up or dissolved, any assets remaining after payment of debts and liabilities shall not be distributed to Members but shall be transferred to:

- Another Community Interest Company with similar heritage or community purposes; or
- A registered charity with similar purposes; or
- Such other asset-locked body as the CIC Regulator may direct.

15.2 For the avoidance of doubt, privately owned assets (including the land at Lapford Mill and the railway infrastructure, rolling stock, and fixed assets in the ownership of private individuals) are not assets of the Company and are unaffected by any dissolution of the Company.

Article 16 — General

16.1 The Company shall be governed by and construed in accordance with the laws of England and Wales.

16.2 Any matter not provided for by these Articles shall be determined by reference to the Act and the CIC Regulations.

16.3 These Articles shall be binding on the Company and all Members.

Signed by the subscribers to the Memorandum of Association:

Subscriber 1 —
Signed: ....
Full Name (Print): ....
Date: ....

Subscriber 2 —
Signed: ....
Full Name (Print): ....
Date: ....

Subscriber 3 — [Independent Community Representative]
Signed: ....
Full Name (Print): ....
Date: ....

Witness (for each signature above):
Name: ....
Address: ....
Occupation: ....

Signed: ....