Our Management Company is 'St Edmunds (Frome) Management Company Limited'.
Company number 10598162. It is a private company <u>limited by guarantee without share capital</u>.

The concern with Subscribers is the degree with which they have control over the Management Company.
So what does the internet say about them?...

https://www.rapidformations.co.uk/blog/what-is-a-subscriber-of-a-company/?gclid=CjwKCAjwscDpBRBnEiwAnQ0HQDOFyeKbQ7d_quUbO_23eBTAnhl1DpNX2GUHksFSY_ySw2IWuVxpUxoCJB8QAvD_BwE

Subscribers are the first shareholders in a limited by shares company, or the first guarantors in a limited by guarantee company. They are called 'subscribers' because they subscribe (add their names) to the memorandum of association during the company formation process. By doing so, they are agreeing to form the business and become members of that company.

If the subscribers are setting up a limited by shares company, they must each take at least one whole share. If they are setting up a limited by guarantee company, they must each guarantee a fixed sum of money to the company. The value of their shares or guarantees is the limit of their liability for company debts.

You need at least one subscriber to set up a private limited company. There is no statutory restriction to the total number of subscribers a company has, nor any such limit to the number of shareholders or guarantors who can join a company after incorporation.

Any person or corporate entity can be a subscriber or member. Human subscribers are referred to as 'natural' shareholders or guarantors. Non-human subscribers are referred to as 'corporate' shareholders or guarantors.

Shareholders and guarantors can also be appointed as directors. This is very common, especially when a company is set up with just one or two people. This means that one person can set up and manage a company on their own.

Company shareholders and guarantors are collectively referred to as 'members'. The term 'subscriber' is only used to describe the first members who join a company on incorporation and whose names are listed on the memorandum of association.

That doesn't give us any detail but if we refer to our 'Memorandum and Articles of Association of Incorporation of St Edmunds (Frome) Management Company Ltd' we find the following, with the red text emphasising some interesting bits ……

<u>MEMORANDUM OF ASSOCIATION OF ST EDMUNDS (FROME) MANAGEMENT COMPANY LIMITED</u>

Each subscriber to this Memorandum of Association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company

<u>Name of each subscriber</u>

Diana Elizabeth Redding	(signed by Diana Redding)
Reddings Company Secretary Limited	(signed 'For & on behalf of Reddings Company Secretary Limited)

Dated 27th January 2017

EXTRACTS FROM THE 'ARTICLES OF ASSOCIATION OF ST EDMUNDS (FROME) MANAGEMENT COMPANY LIMITED' TO UNDERSTAND "SUBSCRIBER"

INTERPRETATION AND LIMITATION OF LIABILITY AND OBJECTS

Defined terms

1 In the articles, unless the context requires otherwise -
"***subscriber***" means any person who subscribed the company's memorandum of association and/or any person nominated by a ***subscriber*** or, in case of the death of a ***subscriber***, by the deceased ***subscriber's*** personal representatives to stand in place of the ***subscriber*** or (as the case may be) deceased subscriber and any person so nominated shall, once admitted to membership of the company, stand in the same position and have the same powers and be subject to the same restrictions as if that person had been an actual ***subscriber*** to the Company's memorandum,

APPOINTMENT OF DIRECTORS

Methods of appointing directors

18 (1) For so long as any ***subscriber*** is a member of the company then the ***subscriber*** or ***subscribers*** for the time being shall be entitled to appoint and to remove all and any of the directors of the company so that there shall be no limit on the number of such directors (appointed or removed) As soon as the last ***subscriber*** ceases to be a member of the company then

(a) any director or directors appointed by any ***subscriber***(s) and any director appointed pursuant to paragraph (3) of this article will retire upon the majority of the members for the time being of the company so requesting by not less than 4 weeks' prior notice in writing signed by or on behalf of that majority and providing the names of the members comprised in that majority are stated in the notice, and

(3) Upon the coming into effect of the provisions of this paragraph any director of the company appointed by a ***subscriber*** or subscribers shall be entitled to appoint not more than two directors of the company for the time being and to remove any such director from office provided that the maximum number of directors appointed under this paragraph shall not at any time exceed two and any director appointed under this paragraph (3) shall have the same powers to appoint directors (and remove same) as if that director had himself been directly appointed by a ***subscriber*** or ***subscribers***

(5) Where a resolution is proposed for the removal from office of a director any member voting against such removal shall on a show of hands or on a poll taken on such resolution have such number of votes as shall exceed by one vote all votes cast or to be cast in favour of such removal provided that the provisions of this article 18(5) shall not be effective for so long as any ***subscriber*** remains as a Member of the Company

Termination of director's appointment

19 A person ceases to be a director as soon as –

(g) except in the case of a director appointed by a subscriber or subscribers pursuant to Article 18(1) or a director appointed by any such director pursuant to Article 18(3) he ceases to be a member of the company, or

(j) in the case of a director appointed by a subscriber (or subscribers) or pursuant to Article 18(3), notice of termination of appointment has been served pursuant to Article 18(1)(a) but the cessation of the relevant directorship shall only take effect upon termination of the relevant notice

BECOMING AND CEASING TO BE A MEMBER

Applications for membership

22 (1) The ***subscribers*** to the memorandum of association of the company and such other persons as are admitted to membership in accordance with these articles shall be the members of the company

(2) A ***subscriber*** or, in the case of the death of a ***subscriber***, that subscriber's personal representatives, may nominate any person to replace that ***subscriber*** as a member of the company and that nominee, after having been admitted to membership, shall stand in the same position and have the same powers and be subject to the same restrictions as if he were an actual ***subscriber*** to the memorandum

(3) The only persons eligible for membership of the company other than the ***subscribers*** to the memorandum of association are any person nominated by a ***subscriber*** or ***subscribers*** personal representatives in accordance with Article 22(2) above or a person who is for the time being a dwellingholder or a joint owner

23 (1) A ***subscriber*** to the memorandum of association shall, if not himself/herself/itself a dwellingholder, cease to be a member at the expiry of the sixth month following the first month in which dwellingholders of all the dwellings are members of the company or upon giving written notice to the company of his/her/its wish to resign (whichever shall first occur)

Quorum for general meetings

26 No business shall be transacted at any meeting unless a quorum is present. For so long as a ***subscriber*** is a member of the company then the quorum shall be one ***subscriber*** who is a member of the company. When no ***subscriber*** remains as a member of the company, two persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.

Voting Rights

32 Every member present in person or by proxy or (being a corporation) by its representative shall whether on a show of hands or on a poll have one vote for each dwelling of which that member is the dwelhngholder provided that
(i) each subscriber shall have 1000 votes
(ii) joint owners of the same dwelling

Referring this to Remus (to whom Persimmon had previously asked us to liaise) elicited the following guidance…

Sent: 24 November 2020 11:19
Subject: RE: Subscribers of the Edmund Park Management Company

Previously Remus used an incorporation agent to set up the management companies on our behalf, this was Diana Redding of Reddings Company Secretary Limited. When a company is incorporated it always shows the initial subscribers of the company. Once the company is set up and directors are appointed Diana Redding and Reddings Company Secretary Limited resign and the subsequent directors have been appointed as subscribers of the articles. Diana and Reddings have no interest nor involvement with the company as soon as subsequent directors are appointed.

Currently the directors are the subscribers of the management company who are Persimmon employees. There is no current function to display this at Companies House so this is all recorded by the Company Secretary. Once the development has been handed over and we have been through the requirements in order to transfer the development into residential control and have residential directors, the Persimmon directors resign and at this point they will resign as subscribers also.

Kind regards
Alyx Chapple
Company Secretarial Officer
Remus Management Limited