

Bulletin No	003
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Understanding the recent request for an Extraordinary General Meeting

The Law	The Request	The Response
<p>303 Members' power to require directors to call general meeting</p> <p>(1) The members of a company may require the directors to call a general meeting of the company.</p> <p>(2) The directors are required to call a general meeting once the company has received requests to do so from—</p> <p>(a) members representing at least [F1] of such of the paid-up capital of the company as carries the right of voting at general meetings of the company (excluding any paid-up capital held in treasury shares); or</p> <p>(b) in the case of a company not having a share capital, members who represent at least [F1] of the total voting rights of all the members having a right to vote at general meetings.</p> <p>(3) F2</p> <p>(4) A request—</p> <p>(a) must state the general nature of the business to be dealt with at the meeting; and</p> <p>(b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting.</p> <p>(5) A resolution may properly be moved at a meeting unless—</p> <p>(a) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise);</p> <p>(b) it is defamatory of any person; or</p> <p>(c) it is frivolous or vexatious.</p> <p>(6) A request—</p> <p>(a) may be in hard copy form or in electronic form; and</p> <p>(b) must be authenticated by the person or persons making it.</p> <p>Textual Amendments</p> <p>F1 Words in s. 303(2)(a) substituted (3.8.2006) by The Companies (Shareholders' Rights) Regulations 2009 (S.I. 2009/1632), reg. 4(2) (with application as stated in reg. 1(2)).</p> <p>F2 S. 303(3) omitted (3.8.2006) by virtue of The Companies (Shareholders' Rights) Regulations 2009 (S.I. 2009/1632), reg. 4(2) (with application as stated in reg. 1(2)).</p> <p>Commencement Information</p> <p>I1 S. 303 wholly in force at 1.10.2007; s. 303 not in force at Royal Assent see s. 1300; s. 303 in force at 1.10.2007 by S.I. 2007/2194, art. 2(1)(b) (with saving in art. 12) and subject to transitional provisions specified in Sch. 1 and with transitional provisions and savings in Sch. 3).</p> <p>https://www.legislation.gov.uk/ukpga/2006/46/section/303</p> <ul style="list-style-type: none"> • VHMC members have a right to call an Extraordinary General Meeting (EGM). This right is enshrined in law (section 303 of Companies Act 2006). • In 2013 an EGM was called by members seeking to enlarge the Board. The EGM request was supported by a minority of Directors and the then managing agent. 	<ul style="list-style-type: none"> • On 2nd December 2020, Mr Davison submitted a request for an EGM. This request was reviewed by the Company Secretary relative to the legal requirements (shown opposite). • Unlike in 2013, Mr Davison request was deemed invalid – put simply, not enough members supported the ask. • Mr Davison claimed that the request was supported by 40 members. In reality, after invalid (i.e.: non-member) and duplicate names were removed, the total number of members supporting the request was just 12 (3.7%) - well below the required 5% threshold. • At the point the request was submitted, 6 of the 12 members were in arrears – collectively owing almost £50,000 to VHMC. • VHMC informed Mr Davison that the request for an EGM had been declined. 	<ul style="list-style-type: none"> • In recognition of the genuine concerns raised by members, at the board meeting held on 21st December 2020, the Board agreed to voluntarily schedule an EGM. • An EGM was scheduled for 22nd February 2021 - the date chosen to ensure that the Board would be able to provide a meaningful update to members on key issues (e.g.: cladding). Mr Davison was subsequently advised of the proposed EGM date. • Mr Davison then continued to schedule a <i>members meeting</i> for 28th January 2021. As the meeting was fraudulently referred to as an EGM, the Board secured and circulated legal guidance to members. • Since the meeting was not a legitimate EGM, VHMC is unable to execute any of the resolutions regardless of votes cast.

For information: a number of members who case votes by Proxy in the member meeting have since contacted VHMC to confirm their intent to vote differently during the official EGM. The Board would strongly encourage all members to attend the upcoming EGM on 22nd February.