

DATED 15 April 2002

- (1) THE INSTITUTE OF CHARTERED ACCOUNTANTS  
IN ENGLAND AND WALES
- (2) THE INSTITUTE OF CHARTERED ACCOUNTANTS  
OF SCOTLAND
- (3) THE INSTITUTE OF CHARTERED ACCOUNTANTS  
IN IRELAND
- (4) THE ASSOCIATION OF CHARTERED CERTIFIED  
ACCOUNTANTS
- (5) THE CHARTERED INSTITUTE OF MANAGEMENT  
ACCOUNTANTS
- (6) THE CHARTERED INSTITUTE OF PUBLIC FINANCE  
AND ACCOUNTANCY
- (7) CCAB LIMITED

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SHAREHOLDERS' AGREEMENT

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Linklaters  
One Silk Street  
London EC2Y 8HQ

THIS AGREEMENT is made the 15 April 2002

BETWEEN

- 1 THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES a body incorporated by Royal Charter whose principal address is at Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ ("ICAEW");
- 2 THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SCOTLAND a body incorporated by Royal Charter whose principal address is at CA House, 21 Haymarket Yards, Edinburgh EH12 5BH ("ICAS");
- 3 THE INSTITUTE OF CHARTERED ACCOUNTANTS IN IRELAND a body incorporated by Royal Charter whose principal address is at Chartered Accountants' House, 87-89 Pembroke Road, Dublin 4 ("ICAI");
- 4 THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS a body incorporated by Royal Charter whose principal address is at 29 Lincoln's Inn Fields, London WC2A 3EE ("ACCA");
- 5 THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS a body incorporated by Royal Charter whose principal address is at 26 Chapter Street, London SW1P 4NP("CIMA");
- 6 THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY a body incorporated by Royal Charter whose principal address is at 3 Robert Street, London WC2N 6BH ("CIPFA"); and
- 7 CCAB LIMITED a company incorporated with limited liability whose registered office is at Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ ("the Company").

WHEREAS:

- (A) The Company is a company limited by shares incorporated in England under the Companies Acts 1948 to 1981, registered under number 183959 and has at the date hereof an authorised share capital of £1,000 divided into 1,000 shares of, £1 each, all of which are held by ICAEW, ICAS, ICAI, ACCA, CIMA, CIPFA (hereinafter called together "the Bodies" and the expression "Body" shall be, construed, accordingly) as set out in the Schedule hereto.
- (B) By an agreement dated 3rd February, 1986 the Bodies together with the Company entered into an agreement concerning the operation of the Company ("the Initial Agreement").
- (C) On 9th February, 1987 the Bodies and the Company agreed certain variations to the Initial Agreement and, on 15th February, 1988 entered into an agreement ("the Second Agreement") to replace the Initial Agreement (as varied).

- (D) On 6th February, 1989 the Bodies and the Company agreed certain variations to the Second Agreement and determined to replace the Second Agreement by the terms of an agreement dated 6th February, 1989 (the "Third Agreement").
- (E) On 9<sup>th</sup> April 1991 the Bodies and the Company agreed certain variations to the Third Agreement and determined to replace the Third Agreement by the terms of an agreement dated 9<sup>th</sup> April, 1991 (the "Fourth Agreement").
- (F) The Bodies and the Company have agreed to amend certain provisions of the Fourth Agreement and have determined to replace the Fourth Agreement by the terms of this Agreement with effect from the Commencement Date (as herein defined).

## 1 DEFINITIONS

In this Agreement the headings are for convenience only and shall not affect the interpretation thereof and except where inconsistent with the subject matter and context:-

- (A) The following words and expressions shall bear the following meanings respectively:-

"the Articles" means the Articles of Association of the Company for the time being;

"the Board" means the Board of Directors of the Company;

"the Commencement Date" means 15<sup>th</sup> April 2002;

"the Memorandum" means the Memorandum of Association of the Company for the time being;

"Subsidiary" means a subsidiary as defined in Section 736 of the Companies Act 1985.

- (B) References to Clauses, sub-Clauses and paragraphs are references to Clauses, sub-Clauses and paragraphs of this Agreement.
- (C) Unless the context otherwise requires, words importing the Singular only shall include the plural and vice versa.

2. TERMINATION OF THE FOURTH AGREEMENT

- (A) It is hereby agreed that the Fourth Agreement is terminated with effect from the Commencement Date and the terms of this Agreement shall come into effect upon the Commencement Date.
- (B) The termination of The Fourth Agreement pursuant to the provisions of sub-Clause (A) above shall be without prejudice to the rights of the parties thereto immediately prior to such termination.

3. THE COMPANY

- (A) The Bodies having formed the Company for the purposes of undertaking the objects set out in Clause 3 of the Memorandum and having agreed that the Company shall be and remain a Subsidiary of ICAEW, each Body hereby undertakes to the other Bodies to use its best endeavours :-
  - (i) to act in the best interests of the Company; and
  - (ii) to procure that the Company is managed and operated as a non profit making organisation; and
  - (iii) to do such things and execute such documents as are required in order that the Company becomes and remains a Subsidiary of and a member of a Value Added Tax group with ICAEW for the purposes of the relevant Value Added Tax legislation from time to time in force.
- (B) Each Body hereby undertakes to the other Bodies to procure that the day to day operations of the Company shall be organised by the Board or any duly authorised Committee or sub-Committee thereof. Each Body shall nominate a director pursuant to Article 60 of the Articles who shall be a senior member of its Council/Governing Body. Each Body will also procure that its nominee director (or any alternate director or such nominee director as the case may be) shall be accompanied at Board meetings by the relevant Body's Chief Executive/Secretary or such person fulfilling the role of Chief Executive/Secretary at the relevant time or such appropriate person as the Body shall nominate for this purpose.
- (C) Each Body hereby undertakes to the other Bodies to procure the removal of its nominee on the Board should it cease to be a member of the Company, in accordance with the provisions of Article 61.

4. CCAB COMMITTEES

- (A) Each Body hereby undertakes to the other Bodies to procure that in pursuance of the objects of the Company, (i) the Board shall appoint and retire any committees as it considers necessary; (ii) the operation of such committees shall be subject to the terms of reference specified from time to time by the Board; (iii) the Board shall provide overall strategic co-ordination of the activities of any such committees; and (iv) such committees shall act at all times in the name of the Company and in the furtherance of the Company's objects.
- (B) Without prejudice to the generality of the foregoing, each Body hereby undertakes to the other Bodies to procure that the Board shall appoint a committee to be known as the Chief Executives' Group.

5. ANNUAL BUDGET AND MEMBERSHIP FEES

- (A) Each Body hereby undertakes to the other Bodies to procure that the Board shall prior to the commencement of each calendar year use its best endeavours to agree a budget for the Company for that year; and (ii) that all such budgets will itemise the Company's projected income and expenditure for that year and specify the services which the Company requires ICAEW to perform for the Company's benefit.
- (B) Each Body hereby acknowledges to the other Bodies that it is the intention that the Company be run on a non profit making basis and therefore each Body hereby undertakes to the other Bodies to use its best endeavours to procure that (i) the Board shall resolve prior to the commencement of each calendar year a membership fee for each Body for that calendar year payable quarterly in advance; and (ii) if any Body so requires, a meeting of the Board is convened during the calendar year for which the fee has been fixed to consider an adjustment to such fee and in particular to reflect any difference between the fee for the previous calendar year fixed in accordance with this paragraph and the actual expenditure for that year.
- (C) Each Body undertakes to the Company and to the other Bodies to pay any membership fee (plus any Value Added Tax applicable thereto) resolved by the Board pursuant to sub-Clause (B) above forthwith upon receipt of an invoice.
- (D) References in this clause to the Board shall include references to any duly authorised Committee or sub-Committee thereof.

6. SCOTTISH AND IRISH DOMAIN

Notwithstanding the provisions of Clause 3(d) of the Memorandum each Body hereby undertakes to the other Bodies to procure that the Company shall not consider any matter which ICAS or (as the case may be) ICAI may from time to time notify to the other Bodies as falling exclusively within the Scottish Domain or the Domain either of Northern Ireland or the Republic of Ireland ("the Irish Domain") respectively for so long as, in the case of matters within the Scottish Domain ICAS, and, in the case of matters within the Irish Domain ICAI, are members of the Company provided that ICAS and ICAI hereby agree that they shall respectively inform other Bodies in respect of matters falling within the Scottish Domain and Irish Domain and shall consider and reply to representations made by other Bodies in connection with such matters.

7. LIQUIDATION

Any Body may at any time by notice in writing addressed to the other Bodies require them to procure the convening of a General Meeting for the purpose of winding-up the Company. The Bodies shall within 30 days thereafter convene such Meeting and shall attend such meeting. At such meeting or any adjournment thereof all Bodies shall vote in favour of the resolution for the winding-up of the Company unless all Bodies otherwise agree. If such Meeting shall be adjourned, the Bodies shall procure that any one or more Bodies shall constitute a quorum at the adjourned Meeting.

8. TRANSFERS AND ALLOTMENTS

Each Body agrees with all the other Bodies that:-

- (a) subject to the provisions of the Articles it will not transfer any shares it may at any time hold in the capital of the Company to any person or persons (not being a person or persons already bound by this Agreement) unless and until the proposed transferee or transferees of all such shares have executed, in such form as may be reasonably required by and agreed among the other current parties to this Agreement a deed of ratification and accession under which the transferee or transferees agree, subject to it or they being registered as members of the Company, to be bound by and shall be entitled to the benefit of this Agreement as if an original party hereto; and
- (b) it will so far as it lies within its power so to do procure that no shares are allotted by the Company to any person or persons (not being a person or persons already bound by this Agreement) unless and until the proposed allottee or allottees has or (as the case may be) have executed such a deed.

9. RELATIONSHIPS

The rights and obligations of the parties hereunder shall be several and not joint. Nothing contained in this Agreement shall make any party hereto a partner or agent of any other party hereto and no party shall (and each Body shall procure, insofar as it may be within its power so to do, that the Company shall not) hold out any other party as such. No party shall be entitled to make any promise or enter into any agreement on behalf of or pledge the credit of any other party except with the consent of that party and no party shall (and each shall procure, insofar as it may be within its power so to do, that the Company shall not) purport to do so.

10. TERMINATION

This Agreement shall endure without limit in point of time but shall ipso facto determine as regards any Body when such Body ceases to hold any shares in the share capital of the Company.

11. NOTICES

If any of the Bodies shall desire to serve any notice, claim or demand on another Body the same shall be sufficiently given or served if delivered or sent by recorded delivery to that other's registered or, as the case may be, principal address stated herein. Any such document sent by post shall be deemed to have been received 72 hours after the time of posting.

12. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof and supersedes all prior agreements, representations, communications and understandings between the parties with respect thereto.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same agreement and shall become effective when each of the parties hereto shall either itself or by its attorney have signed a counterpart copy hereof (whether the same or different copies).

14. GENERAL

- (A) Where any matter or thing herein contained is expressed to be an obligation on the part of the Company (whether to do or refrain from doing any such matter or thing) the parties hereto shall exercise their respective voting rights or other powers of and in the Company to procure that the Company shall observe the same.
- (B) The Bodies shall use their best endeavours to procure that the Company shall do and execute and perform all such further deeds documents assurances acts and things as any of them may reasonably require by notice in writing to give effect to the terms of this Agreement.

IN WITNESS whereof this Agreement has been entered into the date and year first above written.

SIGNED by )  
for and on behalf of )  
THE INSTITUTE OF CHARTERED )  
ACCOUNTANTS IN ENGLAND )  
AND WALES )  
in the presence of:-

SIGNED by )  
for and on behalf of )  
THE INSTITUTE OF CHARTERED )  
ACCOUNTANTS OF SCOTLAND )  
in the presence of:-

SIGNED by )  
for and on behalf of )  
THE INSTITUTE OF CHARTERED )  
ACCOUNTANTS IN IRELAND )  
in the presence of:-

SIGNED by )  
for and on behalf of )  
THE ASSOCIATION OF )  
CHARTERED CERTIFIED )  
ACCOUNTANTS )  
in the presence of:-

SIGNED by )  
for and on behalf of )  
THE CHARTERED INSTITUTE )  
OF MANAGEMENT )  
ACCOUNTANTS )  
in the presence of:-

SIGNED by )  
for and on behalf of )  
THE CHARTERED INSTITUTE OF )  
PUBLIC FINANCE AND )  
ACCOUNTANCY )  
in the presence of:-

SIGNED by )  
for and on behalf of )  
CCAB LIMITED )  
in the presence of:-

The Schedule above referred to

<u>Body</u>	<u>Number of Shares Allotted</u>
The Institute of Chartered Accountants in England and Wales	517
The Association of Chartered Certified Accountants	172
The Chartered Institute of Management Accountants	147
The Institute of Chartered Accountants of Scotland	73
The Chartered Institute of Public Finance and Accountancy	60
The Institute of Chartered Accountants in Ireland	31
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