

THE COMPANIES ACT 2006

**COMPANY LIMITED BY GUARANTEE AND NOT HAVING A
SHARE CAPITAL**

**MEMORANDUM of ASSOCIATION
Of
Kyle of Sutherland Development Trust**

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.

Name of each subscriber	Signature of each subscriber
Peter Campbell	
Claire Bruce	
David Knight	
Marion Turner	
Ruaridh Waugh	

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

ARTICLES of ASSOCIATION of

Kyle of Sutherland Development Trust

CONTENTS		
GENERAL	constitution of the company, defined terms, objects, powers, restrictions on use of assets, limit on liability, general structure	articles 1-13
MEMBERS	qualifications, application, register, withdrawal, expulsion, termination/transfer	articles 14-29
GENERAL MEETINGS (meetings of members)	general, notice, special/ordinary resolutions, procedure	articles 30-55
DIRECTORS	maximum number, eligibility, election/retiral/re-election, termination of office, register, office bearers, powers, personal interests	articles 56-82
DIRECTORS' MEETINGS	procedure, conduct of directors	articles 83-95
ADMINISTRATION	committees, operation of bank accounts, secretary, minutes, accounting records and annual accounts, notices	articles 96-110
MISCELLANEOUS	winding-up, indemnity	articles 111-117

Constitution of company

- 1 The model articles of association as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this company.

Defined terms

- 2 In these articles of association, unless the context requires otherwise:-

- (a) "Act" means the Companies Act 2006;
- (b) "charity" means a body which is either a Scottish Charity, or a "charity" within the meaning of section 1 of the Charities Act 2006, providing (in either case) that its objects are limited to charitable purposes;
- (c) "charitable purpose" means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;
- (d) "community body" shall mean a community body within the meaning of section 34 of the Land Reform (Scotland) Act 2003;
- (e) "crofting community body" shall mean a crofting community body within the meaning of section 71 of the Land Reform (Scotland) Act 2003;
- (f) "electronic form" has the meaning given in section 1168 of the Act;
- (g) "OSCR" means the Office of the Scottish Charity Regulator;
- (h) "property" means any property, heritable or moveable, real or personal, wherever situated;
- (i) "Scottish Charity" means a "Scottish charity" within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005;
- (j) "subsidiary" has the meaning given in section 1159 of the Act;
- (k) "sustainable development" means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

- 3 Any reference to a provision of any legislation (including any statutory instrument) shall include any statutory modification or re-enactment of that provision in force from time to time.

Objects

- 4 The company has been formed to benefit the community of Ardgay and Creich districts, comprising of the areas represented by the Creich Community Council and the Ardgay & District Community Council ("the Community – thereafter is referred to as the Kyle of Sutherland") with the following objects:
 1. To provide, within the Kyle of Sutherland, recreational facilities, or organise recreational activities, with the object of improving the conditions of life for the persons for who the facilities or activities are primarily intended
 2. To advance education and in particular to promote opportunities for learning for the benefit of the general public
 3. To advance the arts and/or culture within the Kyle of Sutherland catchment area
 4. To prevent or relieve poverty particularly among the residents of the Kyle of Sutherland
 5. To advance environmental protection and improvement in the Kyle of Sutherland through the provision, maintenance and/or improvement of public open space and other public amenities and other environmental and regeneration projects (but subject to appropriate safeguards to ensure that the public benefits so arising clearly outweigh any private benefit thereby conferred on private landowners)
 6. To advance community development through the promotion of tourism, trade and industry within the Kyle of Sutherland for the benefit of the general public
 7. To advance transport infrastructures within, to and from the area, enabling residents to actively study and work in neighbouring areas while living in the Kyle of Sutherland
 8. To relieve those in need by reason of unemployment, particularly among residents of the Kyle of Sutherland, for the public benefit in such ways as may be thought fit, including assistance to find employment.
 9. To relieve those in need by promoting, training, particularly among residents of the Kyle of Sutherland, and with particular reference to skills, which will assist the participants in obtaining paid employment
 10. To help young people, particularly those resident in the Kyle of Sutherland, to develop their physical, mental and spiritual capacities, such that they may grow to full maturity as individuals and as members of society

11. To advance heritage and preserve, for the benefit of the general public, the historical, architectural and constructional heritage that may exist in and around the Kyle of Sutherland in buildings (including any structure or erection, and any part of a building as so defined) of particular beauty or historical, architectural or constructional interest

12. To advance the health of the residents of the Kyle of Sutherland and to assist in the relief of ill health and the provision of health education for such residents

13. To relieve the needs of people (and particularly those resident in the Kyle of Sutherland who suffer from mental and/or physical disability, illness or impairment or have particular needs by reason of old age or current or past drug, solvent and/or alcohol abuse, and their carers and families

14. To encourage, stimulate and support volunteering principally in the Kyle of Sutherland

15. To advance education through (i) the provision and supervision of learning-orientated activities for school and pre-school children, (ii) the provision of care, guidance, instruction, activities and support directed towards addressing the special educational needs of school and pre-school children who come from a single parent family or other home environment where there are necessitous circumstances and/or to relieve poverty among the residents of the (name place), in particular by releasing poor individuals (whether parents or guardians) having the care of school and/or pre-school children to attend training courses and programmes which are directed towards the acquisition of skills which will assist such individuals in obtaining employment or by allowing poor individuals (whether parents or guardians) having the care of school and/or pre-school children to maintain themselves in paid employment.

16. To promote, establish, operate and/or support other similar schemes and projects of a charitable nature for the benefit of the community within the Kyle of Sutherland

17. To advance community development (including the promotion of civic responsibility and the promotion of the voluntary sector and/or the effectiveness or efficiency of charities)

- 5 The company's objects are restricted to those set out in article 4 (but subject to article 6).
- 6 The company will adhere to a non-profit distribution clause meaning that any money made by the company will go back into promoting the objects detailed in this document
- 7 The company may (subject to first obtaining the consent of OSCR add to, remove or alter the statement of the company's objects in

article 4; on any occasion when it does so, it must give notice to the registrar of companies and the amendment will not be effective until that notice is registered on the register of companies.

Powers

8 In pursuance of the objects listed in article 4 (but not otherwise), the company shall have the following powers:-

- (a) To manage community land and associated assets for the benefit of the Community and the public in general as an important part of the protection and sustainable development of Scotland's natural environment.
- (b) To advise in relation to, prepare, organise, conduct and/or support training courses, educational and training events and activities of all kinds.
- (c) To manage the design, preparation, publishing and/or distribution of information packs, leaflets, books, newsletters, magazines, posters and other publications, audio visual recordings, multimedia products and display materials, and to create and maintain a website or websites.
- (d) To promote, operate, co-ordinate, monitor, and/or support other projects and programmes which further the objects of the company.
- (e) To provide information, advisory, support and/or consultancy services which further the objects of the company.
- (f) To liaise with local authorities, central government authorities and agencies, charities/community benefit bodies and others, all with a view to furthering the objects of the company.
- (g) To register any interest in land and to exercise the right to buy under the provisions of Part 2 of the Land Reform (Scotland) Act 2003.
- (h) To promote companies whose activities may further one or more of the above objects, or may generate income to support the activities of the company, acquire and hold shares in such companies and carry out, in relation to any such company which is a subsidiary of the company, all such functions as may be associated with a holding company.
- (i) To acquire and take over the whole or any part of the undertaking and liabilities of any body holding property or rights which are suitable for the company's activities.
- (j) To purchase, take on lease, hire, or otherwise acquire, any property or rights, which are suitable for the company's activities.
- (k) To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.

- (l) To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- (m) To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- (n) To borrow money, and to give security in support of any such borrowings by the company, in support of any obligations undertaken by the company or in support of any guarantee issued by the company.
- (o) To employ such staff as are considered appropriate for the proper conduct of the company's activities, and to make reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants.
- (p) To engage such consultants and advisers as are considered appropriate from time to time.
- (q) To effect insurance of all kinds (which may include liability insurance).
- (r) To invest any funds which are not immediately required for the company's activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments).
- (s) To establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects.
- (t) To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- (u) To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- (v) To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- (w) To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of the activities of the company, and to enter into any arrangement for co-operation or mutual assistance with any charity.

Restrictions on use of the company's assets

- 9 The income and property of the company shall be applied solely towards promoting the company's objects (as set out in article 4) and in particular (but without limiting the generality of that provision) any surplus funds or assets of the company must be applied for the benefit of the Community
- 10 No part of the income or property of the company shall be paid or transferred (directly or indirectly) to the members of the company, whether by way of dividend, bonus or otherwise.

- 11 No director of the company shall be appointed as a paid employee of the company; no director shall hold any office under the company for which a salary or fee is payable.
- 12 No benefit (whether in money or in kind) shall be given by the company to any director except
 - (a) repayment of out-of-pocket expenses; or
 - (b) reasonable payment in return for particular services (not being of a management nature) actually rendered to the company.

Liability of members

- 13 Each member undertakes that if the company is wound up while he/she is a member (or within one year after he/she ceases to be a member), he/she will contribute - up to a maximum of £1 - to the assets of the company, to be applied towards:
 - (a) payment of the company's debts and liabilities contracted before he/she ceases to be a member;
 - (b) payment of the costs, charges and expenses of winding up; and
 - (c) adjustment of the rights of the contributories among themselves.

General structure

- 14 The structure of the company consists of:-
 - (a) the MEMBERS- comprising of Ordinary Members who have the right to attend the annual general meeting (and any extraordinary general meeting) and have important powers under the articles of association and the Act; in particular, at the first annual general meeting the members elect people to serve as directors and take decisions in relation to changes to the articles themselves
 - (b) the DIRECTORS - who hold regular meetings during the period between annual general meetings, and generally control and supervise the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company. There will be no more than 5 Member directors of the company and no more than 3 co-opted directors. Member directors must include 1 representation from the Creich Community Council and 1 representation from Ardgay & District Community Council. Should a director representing a community council stand down, then they must be replaced by an existing member from their respective community council.

Qualifications for membership

- 15 The members of the company shall consist of the subscribers to the memorandum of association and such other persons as are admitted to membership under articles 15 to 20.
- (a) "Ordinary Member" means a member admitted under article 15; "Ordinary Membership" shall be construed accordingly;
- (b) "Junior Member" means a member admitted under article 17; "Junior Membership" shall be construed accordingly."
- 16 Membership shall (subject to articles 17 and 18) be open to any person aged 18 years or over who:
- (a) is ordinarily resident in the Community (as defined in article 4);
- (b) is entitled to vote at a local government election in a polling district that includes the Community or part of it; and supports the objects and activities of the company.
- 17 An individual, once admitted to membership, shall cease to be a member if he/she ceases to be eligible for membership in terms of article 15.
- 18 Junior Membership shall (subject to articles [19, 21 and 22]) be open to those individuals who are aged between 12 and 17 and who support the objects of the Company. Junior Members are neither eligible to stand for election to the Board nor to vote at any general meeting."
- 19 Employees of the company shall not be eligible for membership; a person who becomes an employee of the company after admission to membership shall automatically cease to be a member.

Application for membership

- 20 Any person who wishes to become a member must sign, and lodge with the company, a written application for membership; the company shall supply a form for applying for membership to any person on request.
- 21 The directors may, at their discretion, refuse to admit any person to membership where they have reasonable grounds to believe that he/she might, if admitted to membership, act in a manner which would damage the reputation of the company, undermine the efficiency of its operations and/or disrupt the proper conduct of its meetings.
- 22 The directors shall consider each application for membership at the first directors' meeting, which is held after receipt of the application; the directors shall, within a reasonable time after the meeting, notify the applicant of their decision on the application.

Minimum number of members

- 23 The minimum number of members is 20; in the event that the number of members falls below 20, the directors may not conduct any business other than to ensure the admission of sufficient members to achieve the minimum number.
- 24 For the avoidance of doubt, a 100% majority of the ordinary members of the company will, at all times, be those persons ordinarily resident in the community who are eligible for membership under article 15.

Register of members

- 25 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which he/she was admitted to membership, and the date on which any person ceased to be a member.

Withdrawal from membership

- 26 Any person who wishes to withdraw from membership shall sign, and lodge with the company, a written notice to that effect; on receipt of the notice by the company, he/she shall cease to be a member.

Expulsion from membership

- 27 Any person may be expelled from membership by special resolution (see article 43), providing the following procedures have been observed:-
- (a) at least 21 days' notice of the intention to propose the resolution must be given to the member concerned, specifying the grounds for the proposed expulsion
 - (b) the member concerned shall be entitled to be heard on the resolution at the general meeting at which the resolution is proposed.

Termination/transfer

- 28 Membership shall cease on death.
- 29 A member may not transfer his/her membership to any other person.

General meetings (meetings of members)

- 30 The directors shall convene an annual general meeting in each year (but excluding the year in which the company is formed); the first annual general meeting shall be held not later than 18 months after the date of incorporation of the company.

- 31 Not more than 15 months shall elapse between one annual general meeting and the next.
- 32 The business of each annual general meeting shall include:-
- (a) a report by the chair on the activities of the company
 - (b) consideration of the annual accounts of the company
 - (c) the election/re-election of directors, as referred to in articles 64 to 69.
- 33 The directors may convene an extraordinary general meeting at any time.
- 34 The directors must convene an extraordinary general meeting if there is a valid requisition by members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).

Notice of general meetings

- 35 At least 14 clear days' notice must be given of an annual general meeting or extraordinary general meeting.
- 36 The reference to "clear days" in article 39 shall be taken to mean that, in calculating the period of notice, the day after the notice is posted, (or, in the case of a notice sent by electronic means, the day after it was sent) and also the day of the meeting, should be excluded.
- 37 A notice calling a meeting shall specify the time and place of the meeting; it shall (a) indicate the general nature of the business to be dealt with at the meeting and (b) if a special resolution (see article 44) (or a resolution requiring special notice under the Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution.
- 38 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting; any other general meeting shall be called an extraordinary general meeting.
- 39 Notice of every general meeting shall be given
- (a) in hard copy form
 - (b) in writing or, (where the individual to whom notice is given has notified the company of an address to be used for the purpose of electronic communication) in electronic form; or
 - (c) (subject to the company notifying members of the presence of the notice on the website, and complying with the other requirements of section 309 of the Act) by means of a website.

Special resolutions and ordinary resolutions

- 40 For the purposes of these articles, a "special resolution" means a resolution passed by 75% or more of the votes cast on the resolution at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 39 to 43; for the avoidance of doubt, the reference to a 75% majority relates only to the number of votes cast in favour of the resolution as compared with the number of votes cast against the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting.
- 41 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution,
- (a) to alter its name
 - (b) to alter any provision of these articles or adopt new articles of association
- 42 For the purposes of these articles, an "ordinary resolution" means a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against), at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting has been given in accordance with articles 39 to 43.

Procedure at general meetings

- 43 No business shall be dealt with at any general meeting unless a quorum is present; the quorum for a general meeting shall be members ordinarily resident in the community eligible under article 15 and must be in the majority
- 44 If a quorum is not present within 15 minutes after the time at which a general meeting was due to commence - or if, during a meeting, a quorum ceases to be present - the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 45 The chair of the company shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the chair is not present and willing to act as chairperson within 15 minutes after the time at which the meeting was due to commence, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.
- 46 The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such date, time and place as the chairperson may determine.
- 47 Every member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally or by proxy.

- 48 Any member who wishes to appoint a proxy to vote on his/her behalf at any meeting (or adjourned meeting):
- (a) shall lodge with the company, at the company's registered office, a written instrument of proxy (in such form as the directors require), signed by him/her; or
 - (b) shall send by electronic means to the company, at such electronic address as may have been notified to the members by the company for that purpose, an instrument of proxy (in such form as the directors require);
- providing (in either case), the instrument of proxy is received by the company at the relevant address not less than 48 hours before the time for holding the meeting (or, as the case may be, adjourned meeting).
- 49 An instrument of proxy which does not conform with the provisions of article 51, or which is not lodged or sent in accordance with such provisions, shall be invalid.
- 50 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.
- 51 A proxy appointed to attend and vote at any meeting instead of a member shall have the same right as the member who appointed him/her to speak at the meeting and need not be a member of the company.
- 52 A vote given, or ballot demanded, by proxy shall be valid notwithstanding that the authority of the person voting or demanding a ballot had terminated prior to the giving of such vote or demanding of such ballot, unless notice of such termination was received by the company at the company's registered office (or, where sent by electronic means, was received by the company at the address notified by the company to the members for the purpose of electronic communications) before the commencement of the meeting or adjourned meeting at which the vote was given or the ballot demanded.
- 53 If there are an equal number of votes for and against any resolution, the chairperson of the meeting shall not be entitled to a casting vote.
- 54 A resolution put to the vote at a general meeting shall be decided on a show of hands unless a secret ballot is demanded by the chairperson (or by at least two persons present in person at the meeting and entitled to vote (whether as members or proxies for members)); a secret ballot may be demanded either before the show of hands takes place, or immediately after the result of the show of hands is declared.
- 55 If a secret ballot is demanded, it shall be taken at the meeting and shall be conducted in such a manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Categories of director

56 For the purposes of these articles

“Member Director” means a director (drawn from the membership of the company) appointed under articles 64 to 71;

“Co-opted Director” means a (non-member) director appointed or re-appointed by the directors under articles 70 and 71.

Maximum/minimum number of directors

57 The maximum number of directors shall be 8; out of that number, no more than 5 shall be Member Directors and no more than 3 shall be Co-opted Directors.

58 The minimum number of directors shall be 5, of whom a majority must be Member Directors.

59 The Member Directors should at all times include representation from each of the community councils – Ardgay and Creich. Should a Member Director representing each of the community council stand down their place must always be filled by a current member of the respective community council

Eligibility

60 A person shall not be eligible for election/appointment as a Member Director unless he/she is a member of the company; a person appointed as a Co-opted Director need not, however, be a member of the company.

61 A person shall not be eligible for election/appointment as a director if he/she is an employee of the company.

Election, retiral, re-election: Member Directors

62 At each annual general meeting, the members may (subject to article 60) elect any member (providing he/she is willing to act) to be a director (a “Member Director”)

63 The directors may (subject to article 61) at any time appoint any member (providing he/she is willing to act) to be a director (a “Member Director”).

64 At the first annual general meeting, members can re-elect the existing Member Directors

65 At each annual general meeting (other than the first)

(a) any Member Director appointed under article 67 during the period since the preceding annual general meeting shall retire from office;

- (b) out of the remaining Member Directors, 2 shall retire from office.
- 66 The directors to retire under paragraph (b) of article 69 shall be those who have been longest in office since they were last elected or re-elected; as between persons who were last elected/re-elected on the same date, the question of which of them is to retire shall be determined by some random method.
- 67 A director who retires from office under article 69 shall be eligible for re-election.

Appointment/re-appointment: Co-opted Directors

- 68 At each annual general meeting, all of the Co-opted Directors shall retire from office – but shall then be eligible for re-appointment under article 70.

Termination of office

- 69 A director shall automatically vacate office if:-
- (a) he/she ceases to be a director through the operation of any provision of the Act or becomes prohibited by law from being a director;
 - (b) he/she becomes debarred under any statutory provision from being a charity trustee (within the meaning of section 106 of the Charities and Trustee Investment (Scotland) Act 2005);
 - (c) he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity is expected to continue for a period of more than six months;
 - (d) he/she ceases to be a member of the company;
 - (e) he/she becomes an employee of the company;
 - (f) he/she resigns office by notice to the company;
 - (g) he/she is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove him/her from office; or
 - (h) he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Act.

Register of directors

- 70 The directors shall maintain a register of directors, setting out full details of each director, including the date on which he/she became a director, and also specifying the date on which any person ceased to hold office as a director.

Officebearers

- 71 The directors shall elect from among themselves a chair and such other office bearers (if any) as they consider appropriate.
- 72 The directors shall identify and secure an external person to be treasurer of the trust, as they consider appropriate.
- 73 All of the office bearers shall cease to hold office at the conclusion of each annual general meeting, but shall then be eligible for re-election.
- 74 A person elected to any office shall cease to hold that office if he/she ceases to be a director, or if he/she resigns from that office by written notice to that effect.

Powers of directors

- 75 Subject to the provisions of the Act and these articles, and subject to any directions given by special resolution, the company and its assets and undertaking shall be managed by the directors, who may exercise all the powers of the company.
- 76 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Personal interests

- 77 A director who has a personal interest in any transaction or other arrangement which the company is proposing to enter into, must declare that interest at a meeting of the directors; he/she will be debarred (in terms of article 93) from voting on the question of whether or not the company should enter into that arrangement.
- 78 For the purposes of the preceding article, a director shall be deemed to have a personal interest in an arrangement if any partner or other close relative of his/hers **or** any firm of which he/she is a partner **or** any limited company of which he/she is a substantial shareholder or director (or any other party who/which is deemed to be connected with him/her for the purposes of the Act), has a personal interest in that arrangement.
- 79 Provided
- (a) he/she has declared his/her interest;
 - (b) he/she has not voted on the question of whether or not the company should enter into the relevant arrangement; and
 - (c) the requirements of article 82 are complied with,
- a director will not be debarred from entering into an arrangement with the company in which he/she has a personal interest (or is deemed to have a personal interest under article 81) and may retain any personal benefit which he/she gains from his/her participation in that arrangement.

- 80 No director may serve as an employee (full time or part time) of the company, and no director may be given any remuneration by the company for carrying out his/her duties as a director.
- 81 Where a director provides services to the company or might benefit from any remuneration paid to a connected party for such services, then
- (a) the maximum amount of the remuneration must be specified in a written agreement and must be reasonable
 - (b) the directors must be satisfied that it would be in the interests of the company to enter into the arrangement (taking account of that maximum amount); and
 - (c) less than half of the directors must be receiving remuneration from the company (or benefit from remuneration of that nature).
- 82 The directors may be paid all travelling and other expenses reasonably incurred by them in connection with their attendance at meetings of the directors, general meetings, or meetings of committees, or otherwise in connection with the carrying-out of their duties.

Procedure at directors' meetings

- 83 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.
- 84 Questions arising at a meeting of the directors shall be decided by a majority of votes; if an equality of votes arises, the chairperson of the meeting shall (subject to article 87) have a casting vote.
- 85 The chairperson of the meeting shall not be entitled to have a casting vote if he/she is a Co-opted Director.
- 86 No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall (subject to article 89) be four
- 87 A quorum shall not be deemed to be constituted at any meeting of directors unless the Member Directors form a majority of the total number of directors present at the meeting.
- 88 If at any time the number of directors in office falls below the number fixed as the quorum or fails to comply with the provisions of article 61, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.
- 89 Unless he/she is unwilling to do so, the chair of the company shall preside as chairperson at every directors' meeting at which he/she is present; if the chair is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the directors present shall elect from among themselves the person who will act as chairperson of the meeting.

- 90 The directors may, at their discretion, allow any person who they reasonably consider appropriate, to attend and speak at any meeting of the directors; for the avoidance of doubt, any such person who is invited to attend a directors' meeting shall not be entitled to vote.
- 91 A director shall not vote at a directors' meeting (or at a meeting of a sub-committee) on any resolution concerning a matter in which he/she has a personal interest which conflicts (or may conflict) with the interests of the company; he/she must withdraw from the meeting while an item of that nature is being dealt with.
- 92 For the purposes of article 93, a person shall be deemed to have a personal interest in a particular matter if any partner or other close relative of his/hers **or** any firm of which he/she is a partner **or** any limited company of which he/she is a substantial shareholder or director, has a personal interest in that matter.
- 93 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he/she is not entitled to vote.
- 94 The company may, by ordinary resolution, suspend or relax to any extent – either generally or in relation to any particular matter – the provisions of articles 93 to 95.

Conduct of directors

- 95 Each of the directors shall, in exercising his/her functions as a director of the company, act in the interests of the company; and, in particular, must
- (a) seek, in good faith, to ensure that the company acts in a manner which is in accordance with its objects (as set out article 4)
 - (b) act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person
 - (c) in circumstances giving rise to the possibility of a conflict of interest of interest between the company and any other party
 - (i) put the interests of the company before that of the other party, in taking decisions as a director
 - (ii) where any other duty prevents him/her from doing so, disclose the conflicting interest to the company and refrain from participating in any discussions or decisions involving the other directors with regard to the matter in question
 - (d) ensure that the company complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.

Delegation to sub-committees

- 96 The directors may delegate any of their powers to any sub-committee consisting of one or more directors and such other persons (if any) as the directors may determine; they may also delegate to the chair of the company (or the holder of any other post) such of their powers as they may consider appropriate.
- 97 Any delegation of powers under article 98 may be made subject to such conditions as the directors may impose and may be revoked or altered.
- 98 The rules of procedure for any sub-committee shall be as prescribed by the directors.

Operation of bank accounts

- 99 The signatures of two out of the signatories appointed by the directors shall be required in relation to all operations (other than lodgement of funds) on the bank and building society accounts held by the company; at least one out of the two signatures must be the signature of a director.

Secretary

- 100 The directors shall (notwithstanding the provisions of the Act) appoint a company secretary, and on the basis that the term of the appointment, the remuneration (if any) payable to the company secretary, and the such conditions of appointment shall be as determined by the directors; the company secretary may be removed by them at any time.

Minutes

- 101 The directors shall ensure that minutes are made of all proceedings at general meetings, directors' meetings and meetings of committees; a minute of any meeting shall include the names of those present, and (as far as possible) shall be signed by the chairperson of the meeting.

Accounting records and annual accounts

- 102 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.
- 103 The accounting records shall be maintained by the Treasurer and overseen by the Chairperson, or otherwise by, or as determined by, the directors; such records shall be kept at such place or places as the directors think fit and shall always be available for inspection by the directors.

- 104 The directors shall prepare annual accounts, complying with all relevant statutory requirements.
- 105 Subject to article 108, the directors shall ensure that an audit of such accounts is carried out by an external examiner.
- 106 Notwithstanding the provisions of article 107, an audit (within the meaning of the Act) by a company auditor (as defined in the Act) shall not be required, in a case where the company is exempt (under the Act) from the requirement to have an audit, if and to the extent that proper arrangements for the auditing of the company's accounts are made in a manner which satisfies the requirements of the Act and paragraph (f) of subsection 34(1) of the Land Reform (Scotland) Act 2003.
- 107 No member shall (unless he/she is a director) have any right of inspecting any accounting or other records, or any document of the company, except as conferred by statute or authorised by ordinary resolution of the company.

Notices

- 108 Any notice which requires to be given to a member under these articles shall be given either in writing or by electronic means; such a notice may be given personally to the member *or* be sent by post in a pre-paid envelope addressed to the member at the address last intimated by him/her to the company *or* (in the case of a member who has notified the company of an address to be used for the purpose of electronic communications) may be given to the member by electronic means.
- 109 Any notice, if sent by post, shall be deemed to have been given at the expiry of 24 hours after posting; for the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 110 Any notice sent by electronic means shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any notice sent by electronic means was indeed sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.

Winding-up

- 111 If on the winding-up of the company any property (including any land acquired by the company in terms of the Land Reform (Scotland) Act 2003) remains after satisfaction of all the company's debts and liabilities, such property shall not be paid to or distributed among the members of the company; instead, that property shall (subject to article 115) be transferred to some other community body or bodies or to a crofting community body or bodies as may be determined by the members (subject to the

- identity of the transferee body or bodies being approved by the Scottish Ministers).
- 112 Should the company be wound up any remaining money after the payment of outstanding bills will be transferred to a similar charity
- 113 If the members do not resolve to transfer any property of the nature referred to in article 113 to a community body or bodies orcrofting community body or bodies approved by Scottish Ministers, such property shall instead be transferred to the Scottish Ministers or to such Scottish Charity as the Scottish Ministers may direct
- 114 No property shall be transferred under article 113 or 114 to any body unless it is a body entered in the Scottish Charity Register.

Indemnity

- 115 Every director or other officer or auditor of the company shall be indemnified (to the extent permitted by sections 232, 234, 235, 532 and 533 of the Act) out of the assets of the company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office; that may include, without prejudice to that generality, (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings (whether civil or criminal) in which judgement is given in his/her favour or in which he/she is acquitted **or** any liability in connection with an application in which relief is granted to him/her by the court from liability for negligence, default or breach of trust in relation to the affairs of the company.
- 116 The company shall be entitled to purchase and maintain for any director insurance against any loss or liability which any director or other officer of the company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).