

THE COMPANIES ACT 1985

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

MEMORANDUM and ARTICLES OF ASSOCIATION

of

STRONSAY DEVELOPMENT TRUST

This is a print of the memorandum and articles of association as altered by special resolutions passed on 7th May 2009 at the AGM in Stronsay Community Hall

Secretary

The special resolutions were as follows:

Special Resolution 1: Amending period of notice for General Meetings

To amend clause 37 of the Articles of Association to reduce the notice period for General Meetings from 21 days to 14 days as now allowed in company law.

Special Resolution 2: Amending the number of co-opted directors

To amend clause 60 of the Articles of Association to a maximum of 5 Co-opted Directors.

Special Resolution 3: Amending the quorum at Directors meetings

To amend clause 90 of the Articles of Association to amend the quorum to six.

Based on the model prepared by Burness Solicitors for the Development Trusts Association Scotland

THE COMPANIES ACT 1985

COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

MEMORANDUM of ASSOCIATION

of

STRONSAY DEVELOPMENT TRUST

- 1 The company's name is Stronsay Development Trust
- 2 The company's registered office is to be situated in Scotland
- 3 The company has been formed to benefit the community of Stronsay which comprises the following postcodes: KW172AG, KW172AF, KW172AR, KW172AJ, KW172AN, KW172AT, KW172AS, KW172AE

("the Community") with the following objects:

1. 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, where 'sustainable development' means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.
2. To provide in the interests of social welfare, facilities within the Community for recreation and other leisure time occupation available to the public at large.
3. To advance education and in particular to promote opportunities for learning for the benefit of the general public.
4. To advance education through promotion of the arts.
5. To preserve, restore and improve the environment 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 provide or assist in the provision of housing for people in necessitous circumstances within the Community.
7. To relieve poverty particularly among the residents of the Community.

8. To promote training, particularly among residents of the Community, and with particular reference to skills which assist the participants in obtaining paid employment.
9. To encourage, stimulate and support volunteering principally in the Community.
10. To preserve, for the benefit of the general public, the historical, architectural and constructional heritage that may exist in and around the Community 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.
11. To promote and protect the wellbeing and physical health of the residents of the Community and to assist in the relief of ill health and provision of health education for such residents.
12. 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 circumstance and/or to relieve poverty among the residents in the Community 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 care of school and/or pre-school children to maintain themselves in paid employment.
13. To promote, establish, operate and/or support other schemes and projects of a charitable nature for the benefit of the residents of the Community.

In pursuance of those aims (but not otherwise), the company shall have the following powers:-

- a) To establish, maintain, develop and/or operate a centre or centres providing facilities for childcare, community learning, healthy living initiatives, educational and cultural activities, training activities, leisure pursuits and accommodation for community groups, and for public sector agencies which provide services of benefit to the Community, and which may include refreshment facilities.
- 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 design, prepare, publish and/or distribute 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 may include workspace projects) which further the aims of the company.
- e) To provide information, advisory support and/or consultancy services which further the aims of the company.
- f) To liaise with local authorities, central government authorities and agencies, local enterprise companies, charitable/community benefit bodies and others, all with a view to furthering the aims of the company.
- g) To carry on any further activities which further any of the above objects.
- 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 register an interest in land and to exercise the right to buy under the provisions of Part 2 of the Land Reform (Scotland) Act 2003 (including any statutory amendment or re-enactment of those provisions which may be in force from time to time).
- l) To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- m) To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- n) To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- o) 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.

- p) 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.
- q) To engage such consultants and advisers as are considered appropriate from time to time.
- r) To effect insurance of all kinds (which may include officers' liability insurance).
- s) 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).
- t) To liaise with other voluntary sector bodies, local authorities, UK or Scottish government departments and agencies, and other bodies, all with a view to furthering the company's objects.
- u) To establish and/or support any other charitable body, and to make donations for any charitable purpose falling within the company's objects.
- v) To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- w) To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- x) To oppose, or object to, any applications or proceedings which may prejudice the company's interests.
- y) 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 charitable body.
- z) To do anything which may be incidental or conducive to the furtherance of any of the company's objects.

And it is declared that:-

- i. in this clause, where the context so admits, "property" means any property, heritable or moveable, real or personal, wherever situated;
- ii. in this clause, and throughout this memorandum of association,
 - (A) the expression "charity" or "charitable body" shall mean a "Scottish charity" within the meaning of section 13 of, and paragraph 5 of

schedule 4 to, the Charities and Trustee Investment (Scotland) Act 2005 or a “charity” within the meaning of section 96 of the Charities Act 1993

(B) the expression “charitable purpose” shall have the same meaning assigned to it by section 76 of the Charities and Trustee Investment (Scotland) Act 2005

(C) the expression “charitable” shall mean 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 sections 505 and 506 of the Income and Corporation Taxes Act 1988

- iii. any reference in this memorandum of association to a provision of any legislation shall include any statutory modification or re-enactment of that provision in force from time to time.
 - iv. in this clause and throughout this memorandum of association “sustainable development” means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.
- 4.
- a) The income and property of the company shall be applied solely towards promoting the company’s objects (as set out in clause 3) 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.
 - b) 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.
 - c) 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.
 - d) No benefit (whether in money or kind) shall be given by the company to any director except (i) repayment of out-of-pocket expenses or (ii) reasonable payment in return for particular services (not being of a management nature) actually rendered to the company.
5. The liability of the members is limited.
6. Every member of the company undertakes to contribute such amount as may be required (not exceeding £1) to the company’s assets if it should be wound up while he/she is a member or within one year after he/she ceases to be a member, for payment of the company’s debts and liabilities contracted before he/she ceases to be a member, and of the

costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

7

- a) If on the winding-up of the company any property 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 paragraph (c) of this clause 7) be transferred to such other community body or bodies (as defined in section 34 of the Land Reform (Scotland) Act 2003 (including any statutory amendment or re-enactment of the provisions of that section which may be in force from time to time)) or to a crofting community body or bodies (as defined in section 71 of the Land Reform (Scotland) Act 2003 (including any statutory amendment or re-enactment of the provisions of that section which may be in force from time to time)) as may be determined by the members (subject to the identity of the transferee body or bodies being first approved by the Scottish Ministers).
- b) If the members do not resolve to transfer any property of the nature referred to in paragraph (a) to a community body or bodies or crofting community body or bodies approved by Scottish Ministers, such property shall instead be transferred to the Scottish Ministers or to such charity as the Scottish Ministers may direct.
- c) No property shall be transferred under paragraph a) or b) of this clause 7 to any body unless it is a Scottish charity.

8 Accounting records shall be kept in accordance with all applicable statutory requirements and such accounting records shall, in particular, contain entries from day to day of all sums of money received and expended by the company and matters in respect of which such receipt and expenditure take place and a record of the assets and liabilities of the company; such accounting records shall be open to inspection at all times by any director of the company.

We, the subscribers to this memorandum of association, wish to be formed into a company pursuant to this memorandum.

Names and addresses of subscribers

1.....

2.....

3.....

4.....

5.....

6.....

7.....

8.....

9.....

10.....

Dated

Witness to the above signatures:-

THE COMPANIES ACT 1985
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
of
STRONSAY DEVELOPMENT TRUST

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General Structure

1. The structure of the company consists of:-
 - a) the MEMBERS – who have the right to attend the annual general meeting (and any extraordinary general meeting). The Full Members (as defined in article 2) have important powers under the articles of association and the Companies Acts; in particular, Full 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.

Categories of Members

2. For the purpose of these articles:-

“Full Member” means a member admitted under article 4; **“Full Membership”** shall be construed accordingly;

“Associate Member” means a member admitted under article 5; **“Associate Membership”** shall be construed accordingly.

Qualifications for Membership

3. 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 4 to 11.
4. Full Membership shall (subject to articles 7 and 10) be open to any person aged 18 years or over who:
 - a) is ordinarily resident in the Community (as defined in the memorandum of association of the company);
 - b) is entitled to vote at a local government election in a polling district that includes the Community or part of it; and
 - c) supports the aims and activities of the company;

an individual once admitted to Full Membership shall cease to be a member if he/she ceases to be eligible for Full Membership in terms of this article 4.

5. Associate Membership shall (subject to articles 7 and 10) be open to:
 - a) any individual aged 18 years or over who is not eligible for Full Membership but wishes to support the aims and activities of the company; and
 - b) any individual who has been nominated for membership by a voluntary organisation wherever located which wishes to support the aims and activities of the company.
6. No more than one individual nominated under paragraph b) of article 5 by each voluntary organisation may be a member of the company at any given time.
7. 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

8. Any person who wishes to become a member must sign, and lodge with the company, a written application for membership; an application for membership must be accompanied by a remittance to meet the full amount of the membership subscription applicable to the category of membership for which he/she is applying (if any); in the case of an application under paragraph b) of article 5, the application must also be signed by an appropriate office bearer of the voluntary organisation which is nominating him/her for membership.
9. A person applying for membership shall lodge with his/her application such evidence (if any) in support of his/her application as the directors may request.
10. Each application for membership shall be considered by the directors at the first meeting of the directors which is held after receipt by the company of the written application (and, if required by the directors, supporting information and evidence) required under article 9 in order to ensure in each case that the applicant fulfils the relevant membership qualifications; for the avoidance of doubt, the directors shall have no power to refuse admission to membership to any individual fulfilling the relevant membership qualifications referred to above, unless, in relation to an application for Associate Membership, admission of that individual would result in the company ceasing to comply with the requirements of article 13.
11. The directors shall, within a period of seven days after the meeting at which an application for membership is considered, notify the applicant in writing as to whether he/she has been admitted to membership (which decision has been based solely on an individual meeting the qualifications for membership as specified in article 4 or, in relation to an application for

Associate Membership, articles 5 and 13); if the decision was to refuse admission in accordance with this article, the directors shall return to the applicant the remittance lodged by him/her under article 8.

Minimum Number of Members

12. The minimum number of Full Members is 20.
13. The number of Full Members must exceed the number of Associate Members.
14. In the event that the number of Full Members falls below 20 or that the number of Associate Members is equal to or exceeds the number of Full Members, the directors shall not conduct any business other than to ensure the admission of sufficient Full Members to achieve the minimum number and/or to ensure that the number of Full Members exceeds the number of Associate Members.

Membership Subscriptions

15. The Full Members may, by ordinary resolution, determine the amount (if any) of the annual membership subscription for each category of membership; unless otherwise determined, there shall be no annual membership subscription.
16. The annual membership subscription (if any) shall be due on each accounting reference date of the company and shall (subject to articles 8 and 19) be taken to cover the period from one accounting reference date to the date falling immediately prior to the next accounting reference date.
17. The directors shall give to the members at least 10 days' notice of each accounting reference date; each notice shall specify the amount of the membership subscription (if any) which will be due and shall state the possible consequence (under the following article) of failure to make payment.
18. If the company has not received a member's annual membership subscription within 14 days after the accounting reference date on which it fell due, the directors may by resolution expel that person from membership; if, however, proper notice under article 17 was not given, a member shall not be liable to be expelled under this article unless he/she fails to pay the subscription within 24 days after notice requiring payment has been given to him/her.
19. A person who ceases to be a member shall not be entitled to any refund (total or partial) of the membership subscription.

Register of Members

20. The directors shall maintain a register of members, setting out the full name and address of each member, the category of membership into which he/she falls, the date on which he/she was admitted to membership, and the date on which any person ceased to be a member; in the case of a member who was admitted under paragraph b) of article 5, the entry against his/her name shall also include details of the voluntary organisation which nominated him/her for membership.

Withdrawal from Membership

21. 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.
22. A voluntary organisation which has nominated an individual for membership may withdraw its nomination at any time by written notice to the company to that effect; on receipt of the notice by the company, the individual in question shall automatically cease to be a member of the company.

Expulsion from Membership

23. Subject to articles 24 to 28, the company may, by special resolution, expel any individual from membership.
24. Any member who wishes to propose at any meeting a resolution for the expulsion of any individual from membership shall lodge with the company written notice of his/her intention to do so (identifying the member concerned and specifying the grounds for the proposed expulsion) not less than six weeks before the date of the meeting.
25. The company shall, on receipt of a notice under the preceding article, forthwith send a copy of the notice to the member concerned, and the member concerned shall be entitled to make written representations to the company with regard to the notice.
26. If representations are made to the company in pursuance of the preceding article, the company shall (unless such representations are received by the company too late for it to do so):-
 - a) state the fact of the representations having been made in the notice convening the meeting at which the resolution is to be proposed; and
 - b) send a copy of the representations to every individual to whom notice of the meeting is or was given.

27. Whether or not a copy of written representations has been given to each of the individuals entitled to receive notice of the meeting, the member concerned shall be entitled to be heard on the resolution at the meeting.
28. Failure to comply with any of the provisions of articles 24 to 27 shall render any resolution for the expulsion of an individual from membership invalid.
29. An individual expelled from membership under articles 23 to 27 shall cease to be a member with effect from the time at which the relevant resolution is passed; any person expelled from membership under article 23 shall not be eligible for re-admission to membership for a period of 12 months following his/her expulsion.

Termination/Transfer

30. Membership shall cease on death.
31. A member may not transfer his/her membership to any other individual or body.

General meetings (meetings of members)

32. 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.
33. Not more than 15 months shall elapse between one annual general meeting and the next.
34. 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 and the appointment of accountants; and
 - c) the election/re-election of directors, as referred to in articles 63 to 69.
35. The directors may convene an extraordinary general meeting at any time.
36. The directors must convene an extraordinary general meeting if there is a valid requisition by members (under section 368 of the Act) or a requisition by a resigning auditor (under section 392A of the Act).

Notices of general meetings

37. ¹At least 14 clear days' notice must be given of (a) an annual general meeting or (b) an extraordinary general meeting at which a special resolution (see article 42) or a resolution requiring special notice under the Act, is to be proposed; all other extraordinary general meetings shall be called by at least 14 clear days' notice.
38. The reference to "clear days" in article 37 shall be taken to mean that, in calculating the period of notice, the day after the notice is sent, and also the day of the meeting, should be excluded.
39. 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 42) (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.
40. 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.
41. Notice of every general meeting shall be given (either 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, by way of electronic communication) to all the members and directors, and (if there are auditors in office at the time) to the auditors.

Special Resolutions and Ordinary Resolutions

42. 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 37 to 41; 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.
43. 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 its memorandum of association with respect to the company's objects;

¹ As altered by special resolution passed on 7th May 2009

- c) to alter any provision of these articles or adopt new articles of association.
44. For the purposes of these articles, an “ordinary resolution” means a resolution passed by a majority vote (taking account only of those votes cast in favour as compared with those votes against, and (as applicable) the chairperson’s casting vote), at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting has been given in accordance with articles 37 to 41.

Procedure at General Meetings

45. No business shall be dealt with at any general meeting unless a quorum is present; the quorum for a general meeting shall be 12 persons entitled to vote, each being a Full Member or a proxy for a Full Member; for the avoidance of doubt, no account shall be taken of the presence of any Associate Member in determining whether a quorum is present.
46. If a quorum is not present within 30 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.
47. The chair of the company shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the chair of the company is not present and willing to act as chairperson within 30 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 the meeting.
48. The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such time and place as the chairperson may determine.
49. Full Members shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally or by proxy; Associate Members shall not be entitled to vote.
50. A member who wishes to appoint a proxy to vote on his/her behalf at any meeting
- a) shall lodge with the company, at the company’s registered office, not less than 48 hours before the time for holding the meeting, a written instrument of proxy (in such form as the directors require), signed by him/her; or
 - b) shall send to the company at such address as may have been notified to the members by the company for that purpose, an electronic communication containing the appointment of a proxy, providing such

electronic communication is received by the company at such address not less than 48 hours before the time for holding the meeting.

51. An instrument of proxy, or electronic communication containing the appointment of a proxy, which does not conform with provisions of article 50, or which is not lodged or sent in accordance with such provisions, shall be invalid; a member shall not be entitled to appoint more than one proxy to attend the same meeting.
52. A proxy need not be a member of the company.
53. 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.
54. If there is an equal number of votes for and against any resolution, the chairperson of the meeting shall (subject to article 55) be entitled to a casting vote.
55. The chairperson of the meeting shall not be entitled to a casting vote unless he/she is a Full Member of the company.
56. 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 Full Members present in person at the meeting); 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.
57. 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.
58. Associate Members shall be entitled to attend and speak at any general meeting.

Categories of directors

59. For the purposes of these articles:

“Elected Director” means a director elected, re-elected or appointed under articles 63 to 69.

“Co-opted Director” means a director appointed or re-appointed under articles 70 to 72.

Number of Directors

60. ²The maximum number of directors shall be 15, of whom no more than 12 may be Elected Directors and no more than 5 may be Co-opted Directors.
61. The minimum number of directors shall be 7.
62. The Elected Directors shall at all times constitute a majority of the directors.

Election, Retiral, Re-election : Elected Directors

63. Any Full Member who wishes to be considered for elections as a director at an annual general meeting must lodge with the company a written notice (in such form as the directors require), confirming that he/she is willing to be appointed; the notice must be signed by him/her and must be lodged with the company at least seven days before the date of the annual general meeting.
64. At an annual general meeting the Full Members may (subject to article 60) elect as a director ("**an Elected Director**") any Full Member who has confirmed his/her willingness to be appointed in accordance with article 63.
65. The directors may at any time appoint any Full Member (providing he/she is willing to act) to be a director ("**an Elected Director**"), either to fill a vacancy or (subject to article 60) as an additional director.
66. At the first annual general meeting, all of the Elected Directors shall retire from office.
67. At each annual general meeting (other than the first)
 - a) any Elected Director who was appointed by the directors (under article 65) in the period from the date of the last annual general meeting shall retire from office; and
 - b) out of the remaining Elected Directors, one-third (to the nearest round number) shall retire from office
68. The directors to retire under paragraph b) of article 67 shall be those who have been longest in office since they were last appointed or re-appointed; if two or more directors were appointed or re-appointed on the same date, the question of which of them is to retire under paragraph b) of article 67 shall be decided by some random method.

² As altered by special resolution passed on 7th May 2009

69. The Full Members may (subject to article 60) at any annual general meeting re-elect any Elected Director who retires from office at the meeting under article 66 or 67 (providing he/she is willing to act); if any such Elected Director is not re-appointed, he/she shall retain office until the meeting appoints someone in his/her place or, if it does not do so, until the end of the meeting.

Appointment, Vacating of Office, Re-appointment : Co-opted Directors

70. Subject to article 60, the directors may at any time appoint any individual (other than an employee of the company) to be a director (“**a Co-opted Director**”) providing he/she is willing so to act, either on the basis that he/she has special skills or experience which would be of assistance to the board or on the basis that he/she has been nominated by an organisation or agency with which the company has close contact in the course of its activities.
71. At the conclusion of each annual general meeting, all of the Co-opted Directors shall vacate office.
72. Immediately following each annual general meeting, the directors may (subject to article 60) re-appoint any person who, as a Co-opted Director, vacated office under the preceding article at the conclusion of the annual general meeting; the directors may alternatively appoint someone in his/her place or resolve not to fill the vacancy.

Termination of Office

73. 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 involved in the administration or management of a charity;
 - 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 becomes an employee of the company;
 - e) in the case of an Elected Director, he/she ceases to be a Full Member 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;

- h) he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 303 of the Act.

Register of Directors

74. 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.

Office Bearers

75. The directors shall elect from among themselves a Chair and a Treasurer, and such other office bearers (if any) as they consider appropriate.
76. A director shall not be eligible for appointment as the Chair or Treasurer if he/she is a Co-opted Director.
77. 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.
78. 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

79. Subject to the provisions of the Act, the memorandum of association 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.
80. A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Personal Interests

81. 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 95) from voting on the question of whether or not the company should enter into that arrangement.
82. 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 section 317 of the Act), has a personal interest in that arrangement.

83. 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 85 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 82) and may retain any personal benefit which he/she gains from his/her participation in that arrangement.
84. 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.
85. 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).
86. 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

87. Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.
88. 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 89) have a casting vote.
89. The chairperson of the meeting shall not be entitled to have a casting vote if he/she is a Co-opted Director.

90. ³No 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 91) be six.
91. A quorum shall not be deemed to be constituted at any meeting of directors unless the Elected Directors form a majority of the total number of directors present at the meeting.
92. If at any time the number of directors in office falls below the number fixed as the quorum, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.
93. Unless he/she is unwilling to do so, the Chair of the company shall preside as chairperson at every directors' meetings at which he/she is present; if the Chair of the company 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.
94. 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.
95. A director shall not vote at a directors' meeting (or at a meeting of a 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.
96. For the purposes of article 95, 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.
97. 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.
98. A personal interest held by a director who has appointed an alternate director shall be treated as a personal interest of the alternate director.
99. 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 95 to 98.

³ As altered by special resolution passed on 7th May 2009

Conduct of Directors

100. 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 in the memorandum of association)
 - 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 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

101. 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.
102. Any delegation of powers under article 101 may be made subject to such conditions as the directors may impose and may be revoked or altered.
103. The rules of procedure for any sub-committee shall be as prescribed by the directors.

Operation of Bank Accounts

104. 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

105. The company secretary shall be appointed by the directors for such term, at such remuneration (if any), and upon such conditions, as they may think fit; the company secretary may be removed by them at any time.

Minutes

106. 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

107. The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.
108. The accounting records shall be maintained by the Treasurer and overseen by the Chair, 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.
109. The directors shall prepare annual accounts, complying with all relevant statutory requirements.
- 109A Subject to article 109B, the directors shall ensure that an audit of such accounts is carried out by an auditor.
- 109B Notwithstanding the provisions of article 109A, an audit (within the meaning of the Act) by a company auditor (as defined in the Companies Act 1989) 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 sub-section 34(1) of the Land Reform (Scotland) Act 2003.
110. 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 as authorised by the directors or as authorised by ordinary resolution of the company.

Notices

111. Any notice to be given in pursuance of these articles shall be given either in writing or by way of electronic communication.

112. The company may give notice to a member either personally or by sending it by post in a pre-paid envelope addressed to the member at its registered address or by leaving it at that address; in the case of a member who has notified the company of an address to be used for the purposes of electronic communications, the company may give any notice to that member by way of an electronic communication.
113. A member may give any notice to the company either by sending it by post in a pre-paid envelope addressed to the company at its registered address or by leaving it at that address; in the case of a company who has notified the member of an address to be used for the purpose of electronic communications, by way of an electronic communication.
114. 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.
115. Any notice contained in an electronic communication shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any electronic communication was 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

116. If the company is wound up, the liquidator shall give effect to the provisions of clause 7 of the memorandum of association.

Indemnity

117. Every director or other officer or auditor of the company shall be indemnified (to the extent permitted by sections 309A, 309B and 310 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 including, 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 in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the company.
118. For the avoidance of doubt, the company shall be entitled to purchase and maintain for any director insurance against any loss or liability which he/she 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 of 309A(1) of the Act (negligence etc. of a director)

Interpretation

119. In these articles

“the Act” means the Companies Act 1985; any reference in these articles to a provision of the Act shall be taken to include any statutory modification or re-enactment of that provision which is in force at the time;

“electronic communication” has the same meaning as is assigned to that expression in the Electronic Communications Act 2000.

120. Reference in these articles to the singular shall be deemed to include the plural.

Names and addresses of subscribers

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2.....

3.....

4.....

5.....

6.....

7.....

8.....

9.....

10.....

Dated

Witness to the above signatures:-