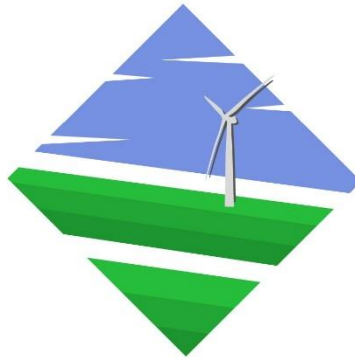




Shapinsay
Development Trust

THE COMPANIES
ACT 2006
COMPANY LIMITED BY GUARANTEE AND NOT
HAVING A SHARE CAPITAL
MEMORANDUM of ASSOCIATION
Of
SHAPINSAY 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.

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE AND NOT
HAVING A SHARE CAPITAL

ARTICLES of ASSOCIATION of

SHAPINSAY DEVELOPMENT TRUST

Registered Charity Number SC034818

Registered Company Number SC255127

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ARTICLES of ASSOCIATION

of

SHAPINSAY DEVELOPMENT TRUST

Registered Charity Number SC034818

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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” within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005 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) “electronic form” has the meaning given in section 1168 of the Act;
 - e) “OSCR” means the Office of the Scottish Charity Regulator;
 - f) “property” means any property, heritable or moveable, real or personal, wherever situated; and
 - g) “subsidiary” has the meaning given in section 1159 of the Act.
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’s objects are:

- 1) to provide in the interests of social welfare, facilities for recreation and other leisure time occupation available to the public at large in Shapinsay with a view to improving their conditions of life,
- 2) to advance education and in particular to promote opportunities for learning for the benefit of the general public,
- 3) to protect and/or preserve the environment for the benefit of the community and the general public,
- 4) to provide or assist in the provision of housing for people in necessitous circumstances within Shapinsay,
- 5) to relieve poverty particularly among the residents of the island of Shapinsay,

- 6) *The advancement of community development (including rural re-generation*
 - 7) to promote, establish, operate and/or support other schemes and projects of a charitable nature for the benefit of the community of Shapinsay.
- 5 The company's objects are restricted to those set out in article 4 (but subject to article 6).
- 6 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

- 7 In pursuance of the objects listed in article 4 (but not otherwise), the company shall have the following powers:
- a) To promote research and make the results public, arrange lectures, meetings, exhibitions, classes, publicity campaigns and publish pamphlets, books, journals, websites and other publications to further develop the Trust. Advise in relation to, organise, support and/or conduct educational training courses, programmes and other events of all kinds.
 - b) To carry on any other activities which further any of the above objects.
 - c) 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.
 - d) 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.
 - e) To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.

- f) To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- g) To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- h) To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- i) 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.
- j) 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.
- k) To engage such consultants and advisers as are considered appropriate from time to time.
- l) To effect insurance of all kinds (which may include officers' liability insurance).
- m) 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).
- n) 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.
- o) To establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects.
- p) To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- q) To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- r) To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- s) 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.

- t) To do anything which may be incidental or conducive to the furtherance of any of the company's objects.

8. Restrictions on use of the company's assets

- a) The income and property of the company, and that of its subsidiaries, known as 'the group', shall be applied solely towards promoting the company's objects. (growth)
- 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 or 'the group', whether by way of dividend, bonus or otherwise.
- c) No director of the company, or any of its subsidiaries 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 in 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.

Liability of members

9. 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

10. 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) and have important powers under the articles of association and the Act; in particular, 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.

Qualifications for membership

- 11 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 14 to 16.

- a The Company shall have not fewer than 20 Members at any time;
- b at least three quarters of the Members of the Company are members of the Community; and
- c In the event that the number of Members falls below 20 or that at least three quarters of the Members do not consist of members of the Community, the Board may not conduct any business other than to ensure the admission of sufficient Ordinary Members to achieve the minimum number and/or maintain the majority.

- 12 Membership shall be open to any person over the age of 16 whose main residence is in Shapinsay and who have an interest in the objects of the Company.

- a) The Company has been formed for the public benefit of the Community of Shapinsay as defined as someone who's main, permanent residence is on the island of Shapinsay. ("the Community"), with the Purposes listed in the Sub-articles hereto ("the Purposes"), to be exercised following the principles of sustainable development (where sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs).

- 13 Employees of the company who are eligible to be members cannot serve as Directors of the company or any of its subsidiaries ('the group').

- a) The company will keep a Conflict of Interest register covering all Directors of ‘the group’.

Application for membership

- 14 Any person who wishes to become a member must sign, and lodge with the company, a written application for membership.

Change to: Any individual or organisation who wishes to become a Member shall in such written form as the Board prescribes submit a written application for membership (in the case of an incorporated organisation, the application must be signed by an appropriate officer of that body). This can include in email or digital form through the website.

- 15 For the avoidance of doubt, when deciding whether to admit any individual or organisation to membership, the directors shall adhere to a transparent process which enshrines the principles of equal treatment and non-discrimination.

- 16 The Board shall promptly consider applications for membership, from time to time, determining if the terms of **Article 12** apply and immediately thereafter shall approve any valid application provided the applicant is not excluded by virtue of **Article 12** or has previously been a member of the Company and continues to be excluded from membership by virtue of **Article 20**

Membership subscription

17 An annual **subscription** shall be payable by the members of the Company and such subscriptions shall be determined from time to time by the Board. Such subscriptions shall become due on admission to membership and shall thereafter become due at the start of each financial year.

Register of members

18 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

19. 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

20. Any person may be expelled from membership by special resolution (see article 35), 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

21 Membership shall cease on death.

22 A member may not transfer his/her membership to any other person.

Appointment of Specialist Advisers

23 The Board shall have the right to appoint specialist advisers to the Board providing that no more than four such advisers are appointed at any one time. Advisers so appointed shall have the right to attend all Board, committee and general meetings and have the right to speak but shall not have any vote. It will not be a requirement for Advisers to be residents of Shapinsay.

24 Advisers may be appointed or re-appointed annually but may also be ap- pointed at any time during the financial year and serve for any period at the discretion of Directors.

General meetings (meetings of members)

25 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 in- corporation of the company.

26 Not more than 15 months shall elapse between one annual general meeting and the next.

27 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 56 to 58.

28 The directors may convene an extraordinary general meeting at any time.

29 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

30 At least 14 clear days' notice must be given of an annual general meeting or extraordinary general meeting.

31 The reference to "clear days" in article 30 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.

32 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 35) (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.

33 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.

34 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

35 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 30 to 34; 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.

36 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.

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 30 to 34.

Interpretation clauses

Virtual meeting: a meeting of members of the charity or a meeting of the charity trustees of Shapinsay Development Trust where arrangements have been made in advance to allow participants to attend the meeting by means of a conference telephone, video link or similar means of electronic communication at which all participants can be heard and can hear each other without the need for them to be physically present at the same location. A person participating in a meeting by such means shall be deemed to be attending **virtually**.

Hybrid meeting: a meeting of members of the charity or a meeting of the charity trustees of the Trust at which some participants are attending the meeting in person and others are attending virtually.

Meetings clauses

The charity shall hold a meeting of members attending in person or virtually in each calendar year, to be called an ‘annual general meeting’ or ‘AGM’. The charity trustees of Shapinsay Development Trust may call other meetings of the members attending in person or virtually as they think fit. Such meetings may be entirely virtual meetings or hybrid meetings as the circumstances allow.

The charity trustees [Board etc] shall meet not fewer than 8 times a year. Such meetings may be entirely virtual meetings or hybrid meetings as the circumstances allow and as agreed by the charity trustees.

A person attending a meeting virtually shall have the same rights to receive notice, speak, vote and otherwise participate in the meeting as he or she would have if attending the meeting in person. [nb. similar provision can be made for people attending members meetings as proxies]

Notice clause

Where arrangements have been made for a meeting to be held virtually or as a hybrid meeting, the notice calling the meeting shall state that fact and include details of the means by which a person may attend the meeting virtually.

38

Quorum clause

- 39 The quorum for a General Meeting shall be the greater of (a) 10 Ordinary Members or (b) 10% of the Ordinary Members, in either event being present in person or represented by proxy . No business shall be dealt with at any AGM or GM unless a quorum is present. A person shall be deemed to be present by attending either in person or virtually where arrangements for virtual attendance have been made.

Voting clauses

A person entitled to vote upon the business at a meeting may do so either in person or virtually where arrangements for virtual attendance have been made.

Where a vote is to be taken by means of a secret ballot, any arrangements for a meeting to be held virtually or as a hybrid meeting shall include a means for those attending virtually to cast their vote secretly.

Minutes clause

The minutes of a meeting shall record the names of all persons present at the meeting without distinction between those who attended in person and those who attended virtually.

Postal Voting

- (a) The Charity may, in exceptional circumstances, and if directors so decide,
allow the members to vote by post to make a decision on any matter that is
being decided at a general meeting of the members.

- (b) The directors must appoint at least two persons independent of the Charity to serve as scrutineers to supervise the conduct of the postal ballot and the counting of votes.
- (c) If postal voting is to be allowed on a matter, the Charity must send to members of the Charity not less than 10 days before the deadline for receipt of votes cast in this way, a notice by post to all full members, including a written explanation of the purpose of the postal vote and the voting procedure to be followed by the member; and a postal voting form containing details of the resolution being put to a vote, or of the candidates for election, as applicable.
- (d) The voting procedure must require all forms returned by post to be in an envelope with name and signature but nothing else, on the outside, inside another envelope addressed to “The Scrutineers or Shapinsay Development Trust” at the Charity’s principal office or such other postal address as is specified in the voting procedure.
- (e) The voting procedure must specify the closing date and time for receipt of votes, and must state that any votes received after the closing date or not complying with the voting procedure will be invalid and not be counted.
- (f) For postal votes, the scrutineers must retain the internal envelopes (with the member’s name and signature).
- (g) Votes cast by post must be counted by all the scrutineers before the meeting at which the vote is to be taken. The scrutineers must provide to the person

chairing the meeting written confirmation of the number of valid votes received by post, and the number of votes received by post which were invalid.

(h) The person chairing the meeting will declare the result of the postal ballot during the meeting.

(i) Following the final declaration of the result of the vote, the scrutineers must provide to a director or other authorised person bundles containing the evidence of members submitting valid postal votes and evidence of invalid votes.

(j) Any dispute about the conduct of a postal ballot must be referred initially to a panel set up by the directors, to consist of two directors and two persons independent of the Charity. If the dispute cannot be satisfactorily resolved by the panel, it must be referred to the Electoral Reform Services.

Procedure at general meetings

No business shall be transacted at any general meeting, virtually or in person unless a quorum is present; the quorum for a general meeting ten members or 10% of the membership, whichever is the greatest (each being a member or a proxy for a member).

40 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.

41 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.

42 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.

43 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.

44 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).

45 An instrument of proxy which does not conform with the provisions of article 43, or which is not lodged or sent in accordance with such provisions, shall be invalid.

46 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.

47 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.

48 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.

49 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.

50 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.

51 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.

Maximum number of directors

51 The maximum number of Directors shall *be 9*, of whom *9 may be Elected Directors* but no more than *2 may be Representative Directors*.

52 The *minimum number of directors* shall be no less than 5 where a minimum of *3 shall be Elected Directors*.

53 The Elected Directors shall at all times constitute a majority of the Directors.

54 The Representative Directors can come from the following organisations:

The Shapinsay Community Association, the Shapinsay Community Council.

Only one Director from each of these nominating organisations can be nominated at any one time.

An election of RDs will take place during a Board meeting if there are more nominations than places available following an AGM.

Eligibility

- 54 A person shall not be eligible for election/appointment as a director unless he/she is a member of the company.
- 55 There will be only one person from any household appointed as a Director at any one time.

Election, retiral, re-election

56. (A) At each annual general meeting, the members may (subject to article 54/55) elect any member (providing he/she is willing to act) to be a director.

(b) A person who has previously been employed by the Company shall not be eligible for election / appointment as a director until twelve months have passed since their employment

- 56 The directors may at any time appoint any member (providing he/she is willing to act) to be a director (subject to article 54, 55 and 56).

58. (a) Directors, including Representative Directors, shall be appointed for a period of two years, each year one third of the Directors shall retire, but will be eligible for re-election under the terms of Articles 53, 54 and 55 providing that no Director serves on the Board for more than six consecutive years without a one year break. The question of who is to retire between Directors as appointed or re-appointed on the same date shall be decided if necessary by lot.

(b) *Members seeking election as a new director must complete an application form and return it to the secretary ten days prior to the Annual General Meeting. The completed application form must include*

the signatures of two existing members, nominating and seconding the applicant.

Appointment of Co-opted Directors

59 The Board may at any time appoint any member to be a Director to fill a vacancy on the Board in order to provide compliance with Articles 54, 55 and 56. Any Director appointed by the Board will resign on the convening of the next Annual General Meeting and will be eligible to stand for election at that Annual General Meeting.

60 For the purposes of articles 50, 51, 52 and 64 Co-opted Directors will be counted as Elected Directors.

Appointment and Vacating of Office of Representative Directors

61 Representative Directors may remain in office, subject to Articles 64, until their nominating organisation indicates to the Board in writing that they no longer wish to be represented by that Director. On receipt of such notice the Director must vacate office immediately.

62 No Representative Director will serve on the Board for more than six consecutive years without a one-year break.

63 Termination of office

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
- 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

- h) he/she is removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Act.

64.Register of directors

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

65.The directors shall elect from among themselves a chair and a treasurer, and such other office bearers (if any) as they consider appropriate.

- 66 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.
- 67 No office bearers shall serve longer than 5 consecutive years in any one office.
- 68 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.
- 69 No RD can be elected or appointed to the role of Chair of the company.

Powers of directors

- 70 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.
- 71 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.
- 72 The Quorum for Directors meetings will be 3 Directors, of whom the majority must be Elected Directors.

Personal interests

- ⁷² 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 100) from voting on the question of whether or not the company should enter into that arrangement.
- ⁷³ 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.
- ⁷⁴ 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 92 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.
- ⁷⁵ 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.
- ⁷⁶ 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).

77 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

78 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.

79 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 have a casting vote.

80 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 be one third of members.

81 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.

82 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.

83 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.

84 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.

85 For the purposes of article 85, 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.

86 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.

87 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 84 to 86.

Conduct of directors

88 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
- 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

- ⁸⁹ 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.
- ⁹⁰ Any delegation of powers under article 90 may be made subject to such conditions as the directors may impose and may be revoked or altered.
- ⁹¹ The rules of procedure for any sub-committee shall be as prescribed by the directors.

Operation of bank accounts

- 92 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

- 93 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

- 94 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 (an electronic signature being acceptable).

Accounting records and annual accounts

- 95 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.
- 96 The directors shall prepare annual accounts, complying with all relevant statutory requirements; if an audit is required under any statutory provisions or if they otherwise think fit, they shall ensure that an audit of such accounts is carried out by a qualified auditor.
- 97 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

- 98 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.
- 99 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.
- 100 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

101 If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall be transferred to such body or bodies (whether incorporated or unincorporated) as may be determined by the members of the company at or before the time of dissolution (or, failing such determination, by such court as may have or acquire jurisdiction), to be used solely for a charitable purpose or charitable purposes.

102 To the extent that effect cannot be given to article 101 (as read with article 104), the relevant property shall be applied to some charitable purpose or purposes.

Indemnity

104 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.

105 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).