ARTICLES OF ASSOCIATION

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL

ARTICLES of ASSOCIATION of

FINDERNE DEVELOPMENT TRUST

November 2021

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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, or a "charity" within the meaning of section 1 of the Charities Act 2011, providing (in either case) that its objects are limited to charitable purposes;

(c) "charitable purpose" means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;

(d) "community body" means a community body within the meaning of section 34 of the Land Reform (Scotland) Act 2003 (as amended by section 37 of the Community Empowerment (Scotland) Act 2015) which is also regarded as a community body for the purposes of section 49(2)(h) of the Land Reform (Scotland) Act 2016;

(e) "crofting community body" means a crofting community body within the meaning of section 71 of the Land Reform (Scotland) Act 2003 (as amended by section 62 of the Community Empowerment (Scotland) Act 2015);

(f) "conflict of interest" includes a conflict of interest and duty, and a conflict of duty;

(g) "Conflict Situation" means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has or could have a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company including (without limitation) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the company could take advantage of the property, information or opportunity);

(h) "electronic form" and "electronic means" have the meanings given in section 1168 of the Act;

(i) "OSCR" means the Office of the Scottish Charity Regulator;

(j) "Part 3A community body" means a Part 3A community body with the meaning of section 97D of the Land Reform (Scotland) Act 2003 (as inserted by section 74 of the Community Empowerment (Scotland) Act 2015);

(k) "Part 5 community body" means a Part 5 community body within the meaning of section 49 of the Land Reform (Scotland) Act 2016;

(l) "property" means any property, heritable or moveable, real or personal, wherever situated;

(m) "Scottish charity" means a "Scottish charity" within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005;

(n) "subsidiary" has the meaning given in section 1159 of the Act;

(o) "sustainable development" means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

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

Objects

4 The company has been formed principally to benefit the community of the area of Moray covered by the Finderne Community Council as defined by the boundaries of Moray community councils from time to time (the "Community") with the following objects:

(1) The advancement of community development (including the advancement of rural regeneration) within the Community;

(2) To provide, or assist in providing, recreational facilities and/or organising recreational activities, which will be available to members of the Community and public at large with the object of improving the conditions of life in the Community;

(3) The advancement of education of the Community about its environment, culture, heritage and/or history;

(4) The advancement of environmental protection or improvement including preservations, and conservation of the natural environment, the promotion of sustainable development and the maintenance, improvement or provision of environmental amenities for the Community;

But only to the extent that the above purposes are consistent with furthering the achievement of sustainable development.

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 article 54) 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 manage community land and associated assets for the benefit of the Community and the public in general as an important part of the protection and sustainable development of Scotland's natural environment.

(b) To 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.

(c) To advise in relation to, prepare, organise, conduct and/or support training courses, educational and training events and activities of all kinds.

(d) 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.

(e) To promote, operate, co-ordinate, monitor, and/or support other projects and programmes (which may include workspace projects) which further the objects of the company.

(f) To provide information, advisory, support and/or consultancy services which further the objects of the company.

(g) To liaise with local authorities, central government authorities and agencies, charities/community benefit bodies and others, all with a view to furthering the objects of the company.

(h) To register any interest in land and to exercise any right to buy under Part 2 of the Land Reform (Scotland) Act 2003 and/or any right to buy under Part 3A of the Land Reform (Scotland) Act 2003 and/or any right to buy under Part 5 of the Land Reform (Scotland) Act 2016.

(i) To make any participation request under Part 3 of the Community Empowerment (Scotland) Act 2015 and/or any asset transfer request under Part 5 of the Community Empowerment (Scotland) Act 2015, and to take any appropriate steps following upon the making of any such request.

(j) To carry on any other activities which further any of the above objects.

(k) 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.

(l) To acquire and take over the whole or any part of the undertaking and liabilities of anybody holding property or rights which are suitable for the company's activities.

(m) To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.

(n) To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.

(o) To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.

(p) To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.

(q) 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.

(r) 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.

(s) To engage such consultants and advisers as are considered appropriate from time to time.

(t) To effect insurance of all kinds (which may include officers' liability insurance).

(u) 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).

(v) To establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects.

(w) To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.

(x) To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).

(y) To oppose, or object to, any application or proceedings which may prejudice the company's interests.

(z) 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.

(aa) To do anything which may be incidental or conducive to the furtheranceof any of the company's objects.

Restrictions on use of the company's assets

8 The income and property of the company shall be applied solely towards promoting the company's objects (as set out in article 4) and in particular (but without limiting the generality of that provision) any surplus funds or assets of the company must be applied for the benefit of the Community.

9 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.

10 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.

11 No benefit (whether in money or in kind) shall be given by the company to any director except

(a) repayment of out-of-pocket expenses; or

(b) reasonable payment in return for particular services (out with the ordinary duties of a director) actually rendered to the company.

Liability of members

12 Each member undertakes that if the company is wound up while he/she/it is a member (or within one year after he/she/it ceases to be a member), he/she/it 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/it 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

13 The structure of the company consists of: -

(a) The MEMBERS - comprising (i) Ordinary Members (who have the right to attend the annual general meeting (and any other general meeting) and have important powers under the articles of association and the Companies Act; in particular, the Ordinary Members elect people to serve as directors and take decisions in relation to changes to the articles themselves), (ii) the Associate Members and (iii) the Junior Members; and

(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

14 For the purposes of these articles: -

(a) "Ordinary Member" means a member who fulfils the qualifications set out in article 17; "Ordinary Membership" shall be interpreted accordingly;

(b) "Associate Member" means a member admitted under article 18 (as read with article 19); "Associate Membership" shall be interpreted accordingly;

(c) "Junior Member" means a member admitted under article 20; "Junior Membership" shall be interpreted accordingly

15 Associate Members and Junior Members are not eligible to stand for election to the Board nor are they eligible to vote at any general meeting.

Qualifications for membership

16 The members of the company shall consist of the subscribers to the memorandum of association and such other individuals and organisations as are admitted to membership under articles 17 to 28.

17 Ordinary Membership shall (subject to articles 22, 23, and 27) be open to any person aged 16 years or over who:

(a) is ordinarily resident in the Community;

(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 objects and activities of the company.

18 Associate Membership shall (subject to articles 22, 23, 24, and 25) be open to individuals who are not ordinarily resident in the Community and (subject to article 19) to organisations (wherever they have their principal office or place of business or main area of operation) that support the objects and activities ofthe company.

19 In the case of an organisation which is not a corporate body, the organisation itself cannot be a member of the company; instead, membership shall be open to an individual nominated by that organisation (where the organisation would qualify for membership under article 18), but on the basis that no more than one individual nominated by each organisation under this article 19 can be a member of the company at any given time.

20 Junior Membership shall (subject to articles 22 and 23) be open to those individuals aged between 12 and 15 (whether or not they are ordinarily resident in the Community) who support the objects and activities of the Company.

21 (a) An individual, once admitted to Ordinary Membership, shall automatically cease to be a member if he/she ceases to fulfil any of the qualifications for Ordinary Membership set out in article 17.

(b) An Associate Member shall automatically cease to be a member if he/she/they/it cease to fulfil any of the qualifications for Associate Membership set out in article 18.

22 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

23 Any individual who wishes to become a member must (subject to article 34) sign, and lodge with the company, a written application for membership, specifying the category of membership for which he/she is applying.

24 Any organisation which is a corporate body and wishes to become an Associate Member must (subject to article 34) lodge with the company a written application for membership, signed on its behalf by an appropriate officer of that organisation.

25 Any individual nominated under article 19 by an organisation which is an unincorporated body who wishes to become an Associate Member must (subject to article 34) lodge with the company a written application for membership, signed by him/her and also signed by an appropriate officer of the organisation which is nominating him/her for membership.

26 The company shall supply a form for applying for membership to any eligible individual or organisation on request.

27 An individual applying for Ordinary Membership shall, if the company so requests, supply such evidence as the company may reasonably request to demonstrate that he/she fulfils the qualifications set out in article 17.

28 The company will confirm to the applicant that their name has been added to the register of members within 21 days of an application, and any associated eligibility check against Article 17, being received by the company.

Minimum number of members

29 The minimum number of members is 20; and at least three quarters of the members must, at all times, be Ordinary Members.

30 In the event that either or both of the requirements under article 29 cease to be met through a reduction in the number of members or a reduction in the proportion of Ordinary Members included within the membership, the directors may not conduct any business other than to ensure the admission of sufficient members (or, as the case may be, Ordinary Members) to ensure that those requirements are met once more.

Membership subscription

31 Members shall not be required to pay an annual membership subscription unless and until otherwise determined by ordinary resolution.

Arrangements involving the company's website

32 The directors may, if they consider appropriate, introduce arrangements under which an individual or organisation can apply for membership and submit an Accord of Membership statement and/or an individual may confirm that he/she/it wishes to remain a member, by accessing the company's website (and, where applicable, links from the company's website), and completing and submitting forms electronically; the directors shall ensure that any such arrangements incorporate appropriate security measures and reserve the right for the company to request signed hard copy documentation and/or evidence of eligibility in any case where the directors consider that to be appropriate.

Register of members

33 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which he/she/it was admitted to membership, the category of membership into which he/she/it falls, and the date on which any individual or organisation ceased to be a member.

34 Where an individual was admitted to Associate Membership on the basis of nomination by an organisation which is not a corporate body, the entries against his/her name in the register of members shall include details of the organisation which nominated him/her for membership.

Withdrawal from membership

35 Any individual or organisation who/which wishes to withdraw from membership shall lodge with the company a written notice to that effect, signed by him/her or (in the case of a corporate body) signed on its behalf by an appropriate officer of that body; on receipt of the notice by the company, he/she/it shall cease to be a member.

36 An organisation which has nominated an individual for membership under article 19 may withdraw its nomination at any time, by way of notice to the company to that effect, signed by an appropriate officer of that organisation; on receipt of the notice by the company, he/she will automatically cease to be a member.

Expulsion from membership

37 Any individual or organisation who have been deemed by the Board of Directors to have acted against the objects and activities of the company may be expelled from membership by special resolution (see article 50), 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 (or, in the case of a corporate body, an individual authorised by it) shall be entitled to be heard on the resolution at the general meeting at which the resolution is proposed.

Termination/transfer

38 Membership shall cease:

(a) in the case of an individual, on death

(b) in the case of an organisation, on the liquidation, winding-up, dissolution or striking-off of that organisation

(c) In the case of an individual admitted to membership on the basis of nomination by an organisation which is not a corporate body, if that organisation is wound-up or dissolved.

39 A member may not transfer his/her/its membership to any other individual or organisation.

General meetings (meetings of members)

40 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.

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

42 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 79 to 84.

43 Subject to articles 40 and 44, the directors may convene a general meeting at any time.

44 The directors must convene a 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

45 At least 14 clear days' notice must be given of any general meeting.

46 The reference to "clear days" in article 45 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.

47 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 50) (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.

48 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting.

49 Notice of every general meeting shall be given to all the members and directors, and (if auditors are in office at the time) to the auditors

(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

50 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 a general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 45 to 49; 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 total number of votes cast in relation to the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting.

51 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.

52 If the company is a Scottish charity, amendments to the name or objects of the company (as set out in article 4) will require the prior approval of OSCR. If the company has registered an interest in land through the Land Reform Act, Scottish Ministers must be notified of any alterations to the Articles.

53 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 a general meeting, providing proper notice of the meeting has been given in accordance with articles 45 to 49.

Procedure at general meetings

54 No business shall be dealt with at any general meeting unless a quorum is present; the quorum for a general meeting shall (subject to article 55) be 10 individuals or 10% of members entitled to vote, whichever is the higher (each being an Ordinary Member or a proxy for an Ordinary Member).

55 A quorum shall not be deemed to be present at any general meeting unless the Ordinary Members present or represented by proxy at the meeting form a majority of the members present or represented by proxy at the meeting.

56 For the avoidance of doubt, Associate Members and Junior Members shall not be counted in determining whether a quorum is present at any general meeting.

57 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.

58 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.

59 The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such date, time and place as the chairperson may determine.

60 Every Ordinary 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.

61 For the avoidance of doubt, Associate Members and Junior Members shall have no power to vote at general meetings.

62 Any Ordinary 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).

63 An instrument of proxy which does not conform with the provisions of article 62,or which is not lodged or sent in accordance with such provisions, shall be invalid.

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

65 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.

66 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.

67 An Associate Member which is a corporate body shall be entitled to appoint an individual to attend and speak at any general meeting as its authorised representative.

68 If there are an equal number of votes for and against any resolution proposed at a general meeting, the chairperson of the meeting shall not be entitled to a casting vote.

69 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 Ordinary Members or as proxies for Ordinary 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.

70 If a secret ballot is demanded, it shall be taken at the meeting and shall be conducted in such manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Categories of director

71 For the purposes of these articles

"Member Director" means a director (drawn from the membership of the company) appointed under articles 78 to 83;

"Co-opted Director" means a director appointed or re-appointed by the directors under articles 84 and 85.

Maximum/minimum number of directors

72 The maximum number of directors shall be 10; out of that number, no more than 7 shall be Member Directors and no more than 3 shall be Co-opted Directors.

73 At any given time, directors who are also Ordinary Members must form a majority of the total number of directors in office.

74 The minimum number of directors shall be 4, of whom a majority must be Member Directors.

Eligibility

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

76 The community of Finderne is spread over a wide geographical area and this will be reflected in that the board, insofar as made up of Member directors, will be made up in the following representative format

(a) Two Directors that live in the area designated as **Finderne South** (any residence that is accessed from the A940 road south of National Grid Reference NJ 01907 55922.

(b) Two Directors that live in the area designated as **Finderne North** (the area of Finderne not covered by article 76(a)).

(c) Three Directors with no geographical constraint.

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

Election, retiral, re-election: Member Directors

78 At each annual general meeting, the Ordinary Members may (subject to articles 72 to 77) elect any member (providing he/she is willing to act) to be a director (a "Member Director").

79 The directors may (subject to articles 72 to 77) at any time appoint any member (providing he/she is willing to act) to be a director (a "Member Director").

80 At the first annual general meeting, one director from each of the geographical areas defined in article 76 (a), (b) and (c) shall retire from office; the question of which of them is to retire shall be determined by some random method.

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

(a) any Member Director appointed under article 79 during the period since the preceding annual general meeting shall retire from office;

(b) out of the remaining Member Directors, retirement of Directors will be determined by agreement, failing which, by the rotation shown in the table below in order to maintain the geographical representation across the whole Finderne area.

	Finderne South		Finderne North		Non-geographical		
	Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7
2nd AGM	retires		retires		retires		
3rd AGM		retires		retires		retires	
4th AGM	retires		retires				retires
Continue rotation for all subsequent AGM's							

82 The directors to retire under paragraph (b) of article 81 shall be those who have been longest in office since they were last elected or re-elected; directors appointed on the same date shall determine their relative seniority by the drawing of lots.

83 A director who retires from office under articles 80, 81 or 82 shall be eligible for re-election.

Appointment/re-appointment: Co-opted Directors

84 In addition to their powers under article 79, the directors may (subject to articles 72 to 77) at any time appoint any person (providing he/she is willing to act) to be a director (a "Co-opted Director") either on the basis that he/she has been nominated by ***Finderne Community Council***, or ***Hill of Glaschyle Renewables LLP*** or on the basis that he/she has specialist experience and/or skills which could be of assistance to the directors.

85 At each annual general meeting, all of the Co-opted Directors shall retire from office – but shall then (subject to articles 72 to 77) be eligible for re-appointment under article 84.

Termination of office

86 A director shall automatically vacate office if: -

(a) he/she ceases to be a director through the operation of any provision of the Act or becomes prohibited by law from being a director;

(b) he/she becomes debarred under any statutory provision from being a charity trustee (within the meaning of section 106 of the Charities and Trustee Investment (Scotland) Act 2005);

(c) he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity is expected to continue for a period of more than six months;

(d) (in the case of a Member Director) 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 resolution of the directors on the grounds that he/she is considered to have committed a serious breach of the code of conduct for directors (as referred to in article 118); or

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

87 A resolution under paragraph (h) of article 86 shall be valid only if: -

(a) the director who is the subject of the resolution is given reasonable prior written notice of the grounds upon which the resolution for his/her removal is to be proposed;

(b) the director concerned is given the opportunity to address the meeting at which the resolution is proposed, prior to the resolution being put to the vote; and

(c) (in the case of a resolution under paragraph (h) of article 86) at least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

Register of directors

88 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

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

90 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.

91 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

92 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.

93 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors

Personal interests

94 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 (under article 111) from voting on the question of whether or not the company should enter into that arrangement.

95 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 limited liability partnership of which he/she is a member (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.

96 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 articles 99, 100 and 111 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 95) and may retain any personal benefit which he/she gains from his/her participation in that arrangement.

97 The directors shall be entitled, for the purposes of section 175 of the Act, to authorise (by way of resolution to that effect) any Conflict Situation that may arise (such that the duty of the director concerned, under that section, to avoid conflicts of interest is not infringed) and to amend or vary any such authorisation; the directors may give such authorisation subject to such terms and conditions as they may consider appropriate and reasonable in the circumstances.

98 For the avoidance of doubt, article 97 shall not apply to a conflict of interest arising in relation to a transaction or arrangement with the company; any conflict of interest of that nature shall be governed by the provisions of articles 94 to 96 and articles 111 to 114 and the code of conduct referred to in article 118.

99 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 ordinary duties as a director.

100 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).

101 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

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

103 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 104) have a casting vote.

104 A chairperson who is not an Ordinary Member shall not be entitled to a casting vote.

105 No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall (subject to article 106) be fixed from time to time by a decision of the directors, but it must never be less than three and at least one director from each of the geographical areas of Finderne (North & South) must be present for a quorum to be established.

106 A quorum shall not be deemed to be constituted at any meeting of directors unless the Member Directors who are also Ordinary Members form a majority of the total number of directors present at the meeting.

107 A director may participate in a board meeting by means of a conference telephone, video conferencing facility or similar communications equipment whereby all the directors participating in the meeting can hear each other; a director participating in a meeting in this manner shall be deemed to be present in person at the meeting.

108 If at any time the number of directors in office falls below the number fixed as the quorum or ceases to comply with the provisions of article 74, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.

109 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.

110 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.

111 A director shall not vote at a directors' meeting (or at a meeting of a sub-committee) on any resolution concerning a matter in which he/she has a personal interest which conflicts (or may conflict) with the interests of the company; he/she must withdraw from the meeting while an item of that nature is being dealt with.

112 For the purposes of article 111, 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 or any limited liability partnership of which he/she is a member (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 matter.

113 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.

114 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 111 to 113.

Conduct of directors

115 It is the duty of each director of the company to take decisions (and exercise his/her other powers and responsibilities as a director) in such a way as he/she considers will be in the best interests of the company and will promote the success of the company in furthering its objects, and irrespective of any office, post, engagement or other connection which he/she may have with any other body which may have an interest in the matter in question.

116 Each of the directors shall, in exercising his/her functions as a director of the company, act in the interests of the company; and, in particular, must

(a) seek, in good faith, to ensure that the company acts in a manner which is in accordance with its objects (as set out article 4)

(b) act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person

(c) in circumstances giving rise to the possibility of a conflict of interest 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.

117 In addition to the duties outlined in article 115, all of the directors must take such steps as are reasonably practicable for the purpose of ensuring: -

(a) that any breach of any of those duties by a director is corrected by the director concerned and not repeated; and

(b) that any director who has been in serious or persistent breach of those duties is removed as a director.

118 Each of the directors shall comply with the code of conduct (incorporating detailed rules on conflict of interest) prescribed by the board of directors from time to time; for the avoidance of doubt, the code of conduct shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association, and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the code of conduct in force from time to time.

Delegation to sub-committees

119 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.

120 Any delegation of powers under article 119 may be made subject to such conditions as the directors may impose and may be revoked or altered.

121 The rules of procedure for any sub-committee shall be as prescribed by the directors.

Operation of bank accounts

122 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.

123 Where the company uses electronic facilities for the operation of any bank or building society account, the authorisations required for operations on that account must be consistent with the approach reflected in article 122.

Secretary

124 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 conditions of appointment, shall be as determined by the directors; the company secretary may be removed by them at any time.

Minutes

125 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.

126 Any person may request a copy of the minutes of general meetings or meetings of the directors of the company and, provided that the request is reasonable, the company must, subject to article 127, provide a copy of the minutes to that person within 28 days of the request.

127 Where a request for a copy of minutes is made under article 126, the company may withhold information contained in the minutes provided that the person requesting a copy of the minutes is informed of the reasons for doing so.

Accounting records and annual accounts

128 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.

129 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.

130 The directors shall prepare annual accounts, complying with all relevant statutory requirements.

131 Subject to article 133, the directors shall ensure that an audit of the annual accounts is carried out by an auditor.

132 Notwithstanding the provisions of article 131, an audit (within the meaning of the Act) by a company auditor (as defined in the Act) shall not be required, in a case where the company is exempt (under the Act) from the requirement to have an audit, if and to the extent that proper arrangements for the auditing or independent examination of the company's accounts are made in a manner which satisfies the requirements of the Act and (if the company is a Scottish charity at the time) the requirements of the Charities and Trustee Investment (Scotland) Act 2005.

133 No member shall (unless he/she is a director) have any right of inspecting any accounting or other records, or any document of the company, except as conferred by statute or authorised by ordinary resolution of the company.

Notices

134 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/it to the company *or* (in the case of a member who/which 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.

135 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.

136 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

137 If on the winding-up of the company any property (including any land acquired by the company under Part 2 or Part 3A of the Land Reform (Scotland) Act 2003 or Part 5 of the Land Reform (Scotland) Act 2016)) 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 articles 138 and 139) be transferred to such other community body or bodies, crofting community body or bodies or Part 3A community body or bodies as may be determined by the members (subject to the identity of the transferee body or bodies being approved by the Scottish Ministers).

138 If the members do not resolve to transfer any property of the nature referred to in article 137 to a community body or bodies, crofting community body or bodies or Part 3A community body or bodies approved by Scottish Ministers, such property shall instead (subject to article 139) be transferred to the Scottish Ministers or to such Scottish charity as the Scottish Ministers may direct.

139 If - at the time when the company is being wound up - the company is a Scottish charity, no property shall be transferred under article 137 or 138 to anybody unless it is a body entered in the Scottish charity register; for the avoidance of doubt, the Scottish Ministers should be taken to be a "body" for the purposes of this article 139.

Indemnity

140 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.

141 The company shall be entitled (subject to the provisions of section 68A of the Charities and Trustee Investment (Scotland) Act 2005) 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 (subject to the provisions of section 68A) extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).