

INCORPORATED UNDER THE COMPANIES ACT 2006

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

ARTICLES OF ASSOCIATION

of

BUSINESS LOANS SCOTLAND LIMITED

(Adopted by written resolution on _____)



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1. **PRELIMINARY**

The articles in the Model Articles for Private Companies Limited by Guarantee in Schedule 2 to The Companies (Model Articles) Regulations 2008 as amended shall not apply to the Company.

2. **INTERPRETATION**

In these regulations:-

"the Act"	means the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force;
"the Articles"	means the Articles of Association of the Company;
"the Auditor"	means the person or firm appointed from time to time to act as auditor of the Company within the provisions of the Act;
"the Board"	means the Board of Directors for the time being of the Company;
"clear days"	in relation to the period of a notice period means that excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
"the Company"	means Business Loans Scotland Limited;
"Director"	means a member of the Board or a director as referred to in the Act;
"East Region Directors"	means the directors appointed to the Board by the East Region Members in accordance with Article 11;
"East Region Members"	means the following Members:- Aberdeen City, Aberdeenshire, Angus, Clackmannanshire, Dundee, East Lothian, City of Edinburgh, Falkirk,

Fife, Midlothian, Perth & Kinross, Scottish Borders, Stirling and West Lothian;

- “executed” includes any mode of execution;
- “H & I Region Directors” means the directors appointed to the Board by the H & I Region Members in accordance with Article 11;
- “H & I Region Members” means the following Members:- Argyll & Bute, Eilean Siar, Highland, Moray, Orkney and Shetland;
- “Member” means a Member of the Company and includes any local authority specified in Article 4.1.1;
- “Office” means the registered office of the Company;
- “Secretary” means the Secretary of the Company or any other person appointed to perform the duties of the Secretary of the Company including a joint assistant or deputy secretary;
- “Regions” means the East Region, H & I Region and West Region and “Region” means any one of them;
- “West Region Directors” means the directors appointed to the Board by the West Region Members in accordance with Article 11;
- “West Region Members” means the following Members:- Dumfries & Galloway, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire and West Dunbartonshire;

and unless the context otherwise requires:

words importing the singular number only shall be deemed to include the plural, and vice versa;

words importing the masculine gender shall include the feminine gender and vice versa;

words or expressions contained in these regulations bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these regulations become binding on the company; and

the headings are inserted for convenience only and shall not affect the constitution of these Articles.

3. **LIABILITY OF MEMBERS**

3.1 The liability of the Members is limited.

3.2 Every Member undertakes to contribute to the assets of the Company in the event of the same being wound up while it is a Member, or within one year after it ceases to be a Member, for payment of the debts and liabilities of the Company contracted before it ceases to be a Member and of the costs, charges and expenses of winding-up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding One Pound Sterling (£1.00).

4. **OBJECTS OF THE COMPANY**

4.1 The objects for which the Company is established are:-

4.1.1 to hold and manage a fund and to use the fund, either with or without security provided by the recipient, to promote commerce by giving financial assistance by way of loans, donations or subscriptions or otherwise to any firm, company, individual, association or other body (whether incorporated or unincorporated) carrying on a commercial enterprise whose business is or is to be carried on in whole or in part from a location within any one of the following areas defined by section 1 and Parts I and II of Schedule 1 of the Local Government Etc (Scotland) Act 1994; (1) [LOCAL AUTHORITY]; (2) [LOCAL AUTHORITY] (collectively known herein as "**the Area**") provided that the Company may at its discretion continue to give such financial assistance as aforesaid in the event of the business subsequently moving to a location outwith the Area;

4.1.2 to obtain, collect, receive, raise and borrow money by donations, grants, loans, contributions and subscriptions (including deeds of covenant) and otherwise from Members and any other public or private association, trust, society, company, firm, organisation whomsoever, authority or whether incorporated unincorporated or (including, without limitation, the European Regional Development Fund, and any government departments, public corporations and local authorities) and by the issue of debentures, debenture stock, bonds, securities, bills of exchange, promissory other notes or such obligations as the Company may think fit, subject nevertheless to such conditions (if any) and such consents (if any) as may be required by law;

4.1.3 to invest the money of the company not immediately required for its objects on deposit or in any other investment offered by any bank, building society or other financial institution in the United Kingdom;

4.1.4 to purchase, take on feu or lease, licence or hire or otherwise acquire, in its own name or otherwise, maintain and alter and (subject to such consents (if any) as required by law) sell, grant securities over, lease, grant licences, servitudes and other rights or privileges over, exchange or otherwise deal with or dispose of any heritable or moveable or real or personal property (including any estate or interest therein);

- 4.1.5 to draw, make, accept, endorse, discount, negotiate, execute and issue and to buy, sell and deal with promissory notes, bills, cheques, warrants, debentures and other transferable instruments or securities and to operate bank accounts;
- 4.1.6 to liaise, co-operate, exchange information and enter into arrangements with any public bodies, local or governmental authorities, professional bodies, companies or committees, associations, societies or other bodies in all or in any part of the world for the purpose of promoting the objects of the Company;
- 4.1.7 to employ, hire or otherwise obtain and to pay remuneration to staff, professional advisers and consultants always excluding therefrom any directors of the Company;
- 4.1.8 to insure and arrange insurance cover for and to indemnify its officers, employees and voluntary workers and its members from and against, all such risks incurred in the course of the performance of their duties as may be thought fit;
- 4.1.9 to make all reasonable and necessary provision for the payment of pensions and superannuation to or on behalf of officers and employees and their respective widows and dependants;
- 4.1.10 to establish, promote or encourage the formation of or to amalgamate, federate, affiliate, support, exchange information, enter into partnership or combine wholly with any other companies, institutions, societies, trusts or associations, firms or bodies (incorporated or unincorporated) which have objects altogether or mainly similar to those of the Company;
- 4.1.11 to apply for, register, purchase, or by other means acquire and protect, prolong and renew, whether in the United Kingdom or elsewhere, any patents, patent rights, brevets d'invention, licences, secret processes, trade marks, designs, protections concessions and discoveries or techniques of any kind and to disclaim, alter, modify, develop, use and turn to account and to manufacture under or grant licences or privileges in respect of the same and to expend money in experimenting upon, testing and improving any patents, inventions or rights which the Company may acquire or propose to acquire and/or to secure the exploitation of the same by access to sources of finance from third parties and the provision of expertise;
- 4.1.12 to apply for, promote and obtain any Act of Parliament, concession, charter, privilege, licence or authorisation of any government, state or municipality, provisional order or licence or other authority to enable the company to carry any of its objects into effect for extending any of the powers of the Company or for effecting any modification of the constitution of the company or for any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interest of the Company;
- 4.1.13 to act as agents or brokers and as trustees for any person, firm or company and to undertake and perform sub-contracts and also to act

in any of the businesses of the Company through or by means of agents, brokers, sub-contractors or others;

- 4.1.14 to provide fund, portfolio, debtor or related management, operational or administration services for the Company or any third party public bodies, local or governmental authorities, professional bodies, companies, committees, associations, societies, firms, persons or other bodies;
- 4.1.15 to do all such other lawful things as shall further the above objects or any of them; and
- 4.1.16 to do all or any of the things or matters aforesaid in any part of the world and either as principals, agents, contractors or otherwise and by or through agents or otherwise and either alone or in conjunction with others;

AND so that:-

- 4.1.17 none of the objects set forth in any sub-clause of this Article 4.1 shall be restrictively construed but the widest interpretation shall be given to each object and none of such objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other object or objects set forth in such sub-clause, or by reference to or inference from the terms of any other sub-clause of this Article 4, or by reference to or inference from the name of the Company; and
 - 4.1.18 none of the sub-clauses of this Article 4.1 and none of the objects therein specified shall be deemed subsidiary or ancillary to any of the objects specified in any other such sub-clause, and the Company shall have full power to exercise each and everyone of the objects specified in each sub-clause of this clause as if each such sub-clause contained the objects of a separate company.
- 4.2 The income and property of the Company, howsoever derived, shall be applied solely towards the promotion of the objects of the company as set forth in Article 4.1 and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of income or profit, to the Members; provided that nothing herein shall prevent:-
- 4.2.1 the payment in good faith of reasonable and proper remuneration and out-of-pocket expenses to any officer or servant or employee of or consultant to the Company in return for any services actually rendered to the Company; or
 - 4.2.2 the payment of interest at a rate not exceeding the then current market rate, on money lent by a Member of the Company or a reasonable and proper rent for premises leased to the Company by any Member; or
 - 4.2.3 the reasonable and proper payment for goods and/or services supplied to the Company by any of its Members.

5. **MEMBERS**

- 5.1 The number of Members shall not exceed thirty two. Only Local Authorities in Scotland may be Members.
- 5.2 No new Member shall be admitted without the prior written consent of 75% of the existing Members.
- 5.3 The rights of a Member shall not be assigned, transferred or transmitted other than to the statutory successor of a Member.
- 5.4 Subject to the preceding provisions of this Article 5, every Member shall, to become a Member, either sign and deliver an application or consent to become a Member in such form as the Board require or sign the Register of Members on becoming a Member.
- 5.6. A person shall cease to be a Member thirty one clear days after the Company receives from it notice of its intention to resign, or a resolution is passed by the Members in meeting without any opposition apart from the person proposed to be removed that it should cease to be a Member; provided always that any such person proposed to be removed shall be entitled to attend and make reasonable representations at any meeting voting thereon.

6. **GENERAL MEETINGS**

The Board may, whenever it thinks fit, convene a general meeting, and on the requisition of Members pursuant to the provisions of the Act shall forthwith proceed to convene a general meeting for a date not later than seven weeks after the receipt of the requisition failing which the requisitionists may do so as provided by Section 305 of the Act.

7. **NOTICE OF GENERAL MEETINGS**

- 7.1 A general meeting called for the passing of a special resolution shall be called by at least twenty one clear days' notice in writing. All other general meetings shall be called by at least fourteen clear days' notice in writing but a general meeting may be called by shorter notice if the Members who hold not less than ninety five per cent of the total voting rights of all the Members sign a consent to short notice form to that effect.

The notice shall specify the time and place of the meeting and in the case of special business the general nature of the business to be transacted. The notice shall be given to all the Members and to the Auditor.

- 7.2 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

8. **PROCEEDINGS AT GENERAL MEETINGS**

- 8.1 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Save as herein otherwise provided at least three Members from each Region or 30% of the Members from each Region (whichever is the higher) being present by in person (by authorised representative) or by proxy shall be a quorum.

- 8.2 If such a quorum is not present within half an hour from the time appointed for the meeting, the meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.
- 8.3 The Chairman, if any, of the Board shall preside as Chairman of the meeting but if the Chairman shall not be present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act, the Directors present shall elect one of their number to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman.
- 8.4 If no Director is willing to act as chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be Chairman.
- 8.5 A Director shall, notwithstanding that he himself is not a Member, be entitled to attend and speak at any general meeting.
- 8.6 The Chairman may, with the consent of the meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting. Otherwise, it shall not be necessary to give notice of the adjournment or of the business to be transacted at an adjourned meeting.
- 8.7 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or, on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:-
- 8.7.1 by the Chairman; or
- 8.7.2 by at least two Members present in person (or a corporation by their duly authorised representative) or by proxy; or
- 8.7.3 by a Member or Members present in person or by proxy and representing not less than ten per cent of the total voting rights of all the Members having the right to vote at the meeting.
- 8.8 Unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 8.9 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman and a demand so withdrawn shall not be

taken to have invalidated the result of a show of hands declared before the demand was made.

- 8.8 Except as provided in Articles 8.9 and 8.12, a poll shall be taken at such time and place and in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 8.9 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith.
- 8.10 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a casting vote in addition to any other vote he may have.
- 8.11 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 8.12 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 8.13 Subject to the provisions of the Act, a resolution in writing executed by or on behalf of each Member who would have been entitled to receive notice of and to attend and vote at general meetings (or, being corporations, by their duly authorised representatives) shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in like form each executed by or on behalf of one or more Members.

9. **VOTES OF MEMBERS**

- 9.1 On a show of hands every Member present in person shall have one vote. On a poll every Member present in person or by proxy shall have one vote. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed shall be valid and counted. Any objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
- 9.2 The instrument appointing a proxy shall be in such form as the Board may require or in any other common or usual form and shall be deposited at the Office (or at such other place as is specified for that purpose in the notice convening the meeting) not less than Forty eight hours prior to the start of the relevant meeting.
- 9.3 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

- 9.4 A vote given in accordance with the terms of an instrument of proxy shall be valid provided that no intimation in writing of the revocation of the proxy shall have been received by the Company at the Office (or at such other place as is specified as the place for depositing proxies in the notice convening the meeting) before the commencement of the meeting or adjourned meeting at which the proxy is used.

10. **CORPORATIONS**

Any corporation (within the meaning of Section 1173(1) of the Act) which is a Member may by resolution of its board of directors or other governing body authorise a person to act as its representative at a meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member. A corporation so represented is deemed present in person at such a meeting.

11. **DIRECTORS**

- 11.1 Unless otherwise determined by ordinary resolution, the number of Directors shall not exceed twelve.

East Region Directors

- 11.2 The East Region Members shall, as a group, be entitled to appoint a maximum of three East Region Directors and (in addition to the retirement by rotation provisions in Article 11.3) to remove any East Region Director so appointed and, upon his removal, to appoint another person to act as an East Region Director in his place.

- 11.3 Each East Region Director then in office shall automatically retire at the next annual general meeting of the Company following his appointment and the East Region Members shall, at that annual general meeting, appoint three East Region Directors their place.

- 11.4 Nothing in Articles 11.2 and 11.3 shall prohibit an individual from being reappointed as an East Region Director for more than one 12 month term.

H & I Region Directors

- 11.5 The H & I Region Members shall, as a group, be entitled to appoint a maximum of three H & I Region Directors and (in addition to the retirement by rotation provisions in Article 11.6) to remove any H & I Region Director so appointed and, upon his removal, to appoint another person to act as a H & I Region Director in his place.

- 11.6 Each H & I Region Director then in office shall automatically retire at the next annual general meeting of the Company following his appointment and the H & I Region Members shall, at that annual general meeting, appoint three H & I Region Directors their place.

- 11.7 Nothing in Articles 11.5 and 11.6 shall prohibit an individual from being reappointed as an H & I Region Director for more than one 12 month term.

West Region Directors

- 11.8 The West Region Members shall, as a group, be entitled to appoint a maximum of three West Region Directors and (in addition to the retirement by rotation provisions in Article 11.9) to remove any West Region Director so appointed and, upon his removal, to appoint another person to act as a West Region Director in his place.
- 11.9 Each West Region Director then in office shall automatically retire at the next annual general meeting of the Company following his appointment and the West Region Members shall, at that annual general meeting, appoint three West Region Directors their place.
- 11.10 Nothing in Articles 11.8 and 11.9 shall prohibit an individual from being reappointed as a West Region Director for more than one 12 month term.

Regional Management Groups

- 11.11 The East Region Directors, H & I Region Directors and West Region Directors shall be nominated for appointment at the annual general meeting of the Company by the relevant Region's Regional Management Group.
- 11.12 Members in each Region shall use all reasonable endeavours to agree at the annual general meeting of the company to appoint three Directors (being those nominated by the relevant Regional Management Group) to represent them.

Additional Directors

- 11.13 Subject to the provisions of Articles 11.2 to 11.10, the Directors may, by resolution, appoint such other individuals to be Directors, up to a maximum of three additional directors.
- 11.14 Directors may appoint alternate directors.

12. **POWERS AND DUTIES OF THE BOARD**

- 12.1 Subject to the provisions of the Act and their Articles and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company as are not required by the Act or by these Articles to be exercised or done by the Company in general meeting and who may satisfy and pay all the expenses of, and preliminary to, the promotion, formation, establishment and registration of the Company. No subsequent alteration of the Articles and no such direction of the Company shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.
- 12.2 The Directors may exercise all the powers of the Company to raise and borrow money, and to grant securities over its undertakings and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as a security for any debt, or obligation of the Company.
- 12.3 The Board shall have power from time to time to adopt and make, alter or revoke bye-laws for the regulation of the Company and otherwise for the

furtherance of the purposes for which the Company is established, provided that such bye-laws are not repugnant to the Memorandum or the Articles.

12.4 All cheques, promissory notices, drafts, bills of exchange and other negotiable instruments, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be in such manner as the Board shall from time to time by resolution determine.

12.5 The Board shall cause minutes to be made:-

12.5.1 of all appointments of officers made by the Board;

12.5.2 of the name of each Director present at each meeting of the Board and of any committee or sub-committee of the Board;

12.5.3 of all resolutions and proceedings at all meetings of the Company, and of the Board and of committees and sub-committees of the Board;

and every Director present at any meeting of the board shall sign his name in a book to be kept for that purpose. Any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be sufficient evidence without any further proof of the facts therein stated.

13. **PROCEEDINGS OF THE BOARD**

13.1 Subject to the provisions of the Articles, the Board may regulate their proceedings as they think fit and shall meet at least four times in each calendar year. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Board. It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom. Questions arising at a meeting shall be decided by a majority of votes, subject that no resolution of the Board shall be passed unless at least one East Region Director, one H & I Region Director and one West Region Director have voted in favour of it. In the case of an equality of votes, the Chairman shall not have a second or casting vote.

13.2 The quorum for the transaction of the business of the Board may be fixed by the Board but must always include at least one East Region Director, one H & I Region Director and one West Region Director.

13.3 The Board may elect a Chairman to preside at every meeting of the Board and determine the period for which he is to hold office, but if no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen minutes of the time appointed for holding the meeting, the Directors may choose one of their number present to be Chairman of the meeting.

13.4 Any director or his alternate may validly participate in a meeting of the board or a committee of the board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating

is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting is.

- 13.5 The Board may delegate any of its powers to any one or more committees consisting of at least one East Region Director, one H & I Director and one West Region Director and such committees may further delegate any of their powers to sub-committees which may include Members who are not and have never been Directors. Such committees and sub-committees shall in all respects conform with any regulations imposed upon them from time to time by the Board and the constituting committee respectively. Subject to any such regulations, the proceedings of a committee or sub-committee shall be governed (so far as applicable) by the Articles regulating the meetings and proceedings of the Board. The Board may also delegate to any one Director such of its powers as it considers desirable to be exercised by him.
- 13.6 The Board and all committees and sub-committees shall be free to invite to their meetings any professional adviser to the Company or any other person or representative of any body which the Company or any committee or sub-committee may consider to have specialist knowledge useful for the purpose of the Company. Such invitees shall attend in a purely advisory capacity and shall have no voting rights.
- 13.7 All acts bona fide done as a result of a resolution of the Board or of a committee or sub-committee of the Board or by any other person acting as a representative of any of the foregoing shall, notwithstanding that it be afterwards discovered that there was some defect in the resolution or in the appointment of any such Director or person acting as aforesaid, or that he was disqualified or had vacated office, be as valid as if such resolution was duly passed or such Director or person had been appointed and was duly qualified to act.
- 13.8 A resolution in writing signed by all the Directors for the time being shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and construed and may consist of several documents in like form.

14. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

14.1 The office of a Director shall be vacated if:-

14.1.1 he ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or

14.1.2 he is adjudged bankrupt or his estate is sequestrated; or

14.1.3 he is, or may be, suffering from mental disorder and either:-

- (a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health (Scotland) Act 1984, or, in England and Wales, an application for admission for treatment under the Mental Health Act 1983, or
- (b) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver,

curator bonis or other person to exercise powers with respect to his property or affairs; or

14.1.4 he resigns his office by notice to the Company; or

14.1.5 he shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board or of committees or sub-committees of the Board held during that period and the Board resolve that his office be vacated; or

14.1.6 he is removed by the Region nominating him in accordance with Article 11; or

14.1.7 he is convicted of an offence which is likely in the reasonable opinion of the Board to bring the Company into disrepute.

14.2 The Company may in accordance with and subject to the provisions of the Act by ordinary resolution of which special notice has been given remove any Director (notwithstanding anything in these presents or in any agreement between the Company and such Director). In such a case, the Region who appointed the removed Director may appoint another in his stead.

15. **SECRETARY**

Subject to the provisions of the Act, the Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions consistent with Article 3.2 as they may think fit; and any Secretary so appointed may be removed by them.

16. **EXECUTION**

The Directors shall execute documents for and on behalf of the Company in accordance with the provisions of the Act provided that the Board may authorise any other person or persons to execute documents on its behalf either by a power of attorney or a resolution of the Board.

17. **ACCOUNTS**

17.1 The Board shall cause proper accounting records to be kept in accordance with the Act.

17.2 The accounting records shall be kept at the Office, or subject to the Act, at such other place or places as the Board shall think fit and shall always be open to the inspection of the Directors.

17.3 No Member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the Board, or by ordinary resolution of the Company or ordered by a Court of competent jurisdiction.

17.4 A proper income and expenditure account shall be made up in respect of each financial year of the Company in accordance with the Act together with a proper balance sheet made up as at the date to which the said account is made up. The said account and the said balance sheet shall be accompanied by proper reports of the Directors and of the Auditor and by any other

documents required by law to be annexed or attached thereto ("**the Accounts**"). The Accounts shall from time to time be laid before the Company in general meeting in accordance with the Act and shall be sent not less than twenty one clear days before the date of the meeting to the Auditor and to all other persons entitled to receive notices of general meetings in the manner in which notices are hereinafter directed to be served.

18. **NOTICES**

- 18.1 Any notice to be given to or by any person pursuant to the Articles shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice except that a notice calling a meeting of the Board need only be in such form as is approved by the directors from time to time.

In this Article, "address", in relation to electronic communications, includes any number or address used for the purposes of such communications.

- 18.2 Notice may be given to a Member or other person entitled in terms of the Articles to receive notice either personally or by sending it by post to his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the company by the member.
- 18.3 A Member present, at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 18.4 Proof that an envelope containing the notice was properly addressed, pre-paid and posted shall be conclusive evidence that the notice was given and unless the contrary is proved, it shall be deemed to have been given at the expiration of forty eight hours after the envelope containing it was posted. Proof that a notice contained in an electronic communication was sent in accordance with the guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given and unless the contrary is proved, such an electronic communication shall be deemed to have been given at the expiration of 48 hours after the time it was sent.

19. **INDEMNITY**

- 19.1 Subject to the provisions of the Act and of Article 3 but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 19.2 The Board shall have power to purchase and maintain for any Director or other officer of the Company, insurance against any such liability as is referred to in section 233 of the Act.

20. **WINDING-UP**

20.1 If, upon the winding-up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall be paid or distributed either:

20.1.1 not among the Members, but shall be given or transferred either outright or in trust to some other trusts, companies, organisations, associations or institutions having objects similar to the objects of the Company and subject to the same or similar restrictions to and which are at least as strict as those contained in Article 4.2 and this Article 20, such trusts, companies, organisations, associations or institutions to be determined by the Members at or before the time of dissolution;
or

20.1.2 if at least 75% of the Members agree in writing, given or transferred to the Members to be used by that Member only to support businesses in Scotland.