

THE COMPANIES ACT 2006
COMPANY LIMITED BY SHARES
ARTICLES of
ASSOCIATION
of
ASSYNT COMMUNITY (TRADING) LTD
Company Reg No. SC471306

Adopted by the board of Assynt Development Trust Limited 24.09.2019

PART A - PRELIMINARY

Constitution of the 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 and these Articles replace all prior Articles of Association in their entirety with effect from their adoption.

Defined terms

- 2** In these articles of association, unless the context requires otherwise: -
- 2.1 “**Act**” means the Companies Act 2006;
 - 2.2 “**Company**” means this company, Assynt Community (Trading) Ltd;
 - 2.3 “**The Directors**” means the board of directors of the Company from time to time;
 - 2.4 “**electronic form**” has the meaning given in section 1168 of the Act;
 - 2.5 “**Holding Company**” means **Assynt Development Trust Ltd** (a Scottish charity, having Scottish charity number SCO15208), incorporated under the Companies Acts with registered number SC379557 and having its registered office at The Mission, Culag Park, Lochinver, Sutherland IV27 4LE;
 - 2.6 “**property**” means any property, heritable or moveable, real or personal, wherever situated;

- 2.7 “**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;
- 2.8 “**Shares**” means shares in the capital of the Company;
- 2.9 “**Shareholders**” means, at any given time, all those who hold a Share or Shares at that time; “**Shareholder**” shall be interpreted accordingly; and
- 2.10 “**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.

4 Objects

The Company's objects are:

- 4.1 To carry on such businesses as a general commercial company (and to supply all such ancillary services and facilities) as the Directors may consider appropriate from time to time;
- 4.2 To make donations (whether by way of Gift Aid or otherwise), and/or provide other forms of support, to the Holding Company and that irrespective of whether the provision of such support advances the interests of the Company;
- 4.3 To promote the interests of the Holding Company and/or any other company which is at the time a subsidiary of the Holding Company, in any manner whatever and in particular by paying or discharging the liabilities of such other company or giving any undertaking to do so, by giving any indemnity or guarantee in respect of such liabilities, by granting any charge in security of any such indemnity or guarantee or in security of the payment of money or performance of obligations by such other company or by transferring any assets to such other company or by making a loan to such other company, and in each case either with or without consideration and whether or not any benefit flows to the Company other than the promotion of such interests, to the intent that the promotion of the interests of any such other company shall be an object and not a power of the Company.

Powers

5 To further its objects the Company may do all such lawful things as may further the Company’s objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.

Liability of Shareholders

- 6 The liability of a Shareholder is limited to the amount, if any, unpaid on the Shares held by him/her/it.
- 7 With reference to Article 5, if all Shares held by the Holding Company are fully paid up, the Holding Company shall have no liability in respect of the debts and other liabilities of the Company (except to the extent of any guarantee or indemnity issued by the Holding Company).

PART B - SHARES

Shares to be fully paid up

- 8 No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 9 The provisions of Article 7 shall not apply to Shares taken on the formation of the Company by the subscribers to the Company's memorandum of association.

Power to issue different classes of share

- 10 Subject to these Articles, but without prejudice to the rights attached to any existing share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.
- 11 The Company may issue Shares which are to be redeemed (or are liable to be redeemed) at the option of the Company or the holder, and (to the extent not prescribed in these articles) the Directors may determine the terms, conditions and manner of redemption of any such Shares.

Authority for the allotment of shares

- 12 In accordance with section 550 of the Act, for so long as the Company has only one class of Shares, the Directors may (subject to Articles 12 & 13) exercise any power of the Company: -
 - 12.1 to allot shares of that class; or
 - 12.2 to grant rights to subscribe for, or to convert any security into, such shares.
- 13 With reference to Article 11, no Share shall be issued to any party other than the Holding Company, except with the prior written consent of the Holding Company.

- 14 Section 561 of the Act (shares to be offered to existing shareholders in proportion to shareholdings, on any proposed allotment for cash) shall not apply to any allotment by the Company of equity securities.

Distribution of profits

- 15 Subject to any restrictions on the distribution of profits imposed by the Act and Article 16, the profits of the Company in respect of any financial year may be distributed among the Shareholders to such extent (if any) as they may determine by way of ordinary resolution.
- 16 The Shareholders shall be entitled to share in any distributable profits which the Shareholders resolve (by ordinary resolution) should be paid to the Shareholders by way of dividend, and on the basis that the Shares shall each carry an equal entitlement to share in any such profits which are resolved to be distributed.
- 17 With reference to Articles 14 and 15, for so long as the sole Shareholder is the Holding Company, a dividend shall be paid only if the Holding Company so determines (by way of ordinary resolution, as referred to in Article 15) and shall be payable only to the Holding Company.

Payment of dividends

- 18 Where a dividend (or other sum which is a distribution) is payable in respect of a Share, it must be paid by one or more of the following means: -
- 18.1 transfer to a bank or building society account specified by the holder of the Share in writing;
- 18.2 sending a cheque made payable to the holder of the Share by post to his/her registered address or to such other address as the holder of the Share may specify in writing; or
- 18.3 such other means of payment as the Directors agree with the holder of the Share in writing.

Capital

- 19 On a return of assets on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be distributed among the members in proportion to the Shares respectively held by them.
- 20 With reference to Article 18, if at the time when the return of assets is to be made the Holding Company is the sole Shareholder, all assets remaining after the payment of the Company's liabilities shall be paid over (or otherwise transferred) to the Holding Company.

Voting

- 21 Every Shareholder shall have one vote for every Share held by that Shareholder.

Share certificates

- 22 The Company must issue each Shareholder, free of charge, with a share certificate or certificates in respect of the Share or Shares which that Shareholder holds.

- 23 Every share certificate must specify: -

23.1 in respect of how many Shares, and of what class, it is issued;

23.2 the nominal value of those Shares; and

23.3 that the Shares are fully paid.

Provided that no share certificate may be issued in respect of Shares of more than one class.

- 24 Share certificates must be signed by two directors of the Company (or by one director and the Secretary).

- 25 If a share certificate issued in respect of a Shareholder's Shares is: -

25.1 damaged or defaced; or

25.2 said to be lost, stolen or destroyed;

that Shareholder is entitled to be issued with a replacement share certificate in respect of the same Shares.

- 26 A Shareholder exercising the right to be issued with such a replacement share certificate: -

26.1 must return the share certificate which is to be replaced to the Company if it is damaged or defaced; and

26.2 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee, as the Directors decide.

Transfer of shares

- 27 Subject to the provisions of these articles, Shares may be transferred by means of a stock transfer form (in the usual terms and format) which is executed by or on behalf of the transferor; when lodged for registration, the stock transfer form shall be accompanied by the relevant share certificate and

such other evidence (if any) as the Directors may require to prove the title of the intending transferor.

- 28 The Directors shall be bound to register without delay any transfer of a Share or Shares by the Holding Company, providing the relevant stock transfer form is lodged at the registered office of the Company (or at such other place as the Directors may reasonably require) and is accompanied by the share certificate covering the Share or Shares to which it relates.
- 29 No fee may be charged for registering any stock transfer form or other document relating to or affecting the title to any Share.
- 30 The Company may retain any stock transfer form which is registered.
- 31 The transferor remains the holder of a Share until the transferee's name is entered in the register of members as holder of it.

PART C- DECISION MAKING BY THE SHAREHOLDERS

Annual General Meeting

- 33 The Directors shall not be obliged to hold an annual general meeting to lay the accounts before the Shareholders, provided they are adopted by the Directors.

Special resolutions and ordinary resolutions: general

- 32 For the purposes of these Articles, a "special resolution" means a resolution of the Shareholders which is passed by Shareholders representing not less than 75% of the total voting rights of eligible Shareholders, including when passed by way of a written resolution in accordance with Articles 34 to 37.
- 33 In addition to the matters expressly referred to elsewhere in these Articles, the provisions of the Act allow the Company, by special resolution:
 - 33.1 to alter its name; or
 - 33.2 to alter any provision of these Articles or adopt new articles of association.
- 34 For the purposes of these Articles, an "ordinary resolution" means a resolution which is passed by Shareholders representing a simple majority of the total voting rights of eligible Shareholders, including where passed by way of written resolution in accordance with Articles 34 to 37.

Written resolutions: general

- 35 A written resolution can be passed by the Shareholders (having been proposed by either the Shareholders or the Directors in accordance with the procedures detailed in Chapter 2 of Part 13 of the Act) and will have effect as if passed by the Shareholders in general meeting; a written resolution is passed when the required majority of eligible Shareholders have signified

their agreement to it by sending to the Company (in hard copy or electronic form) an authenticated document which identifies the resolution to which it relates and which indicates the Shareholder's agreement to it (which agreement cannot thereafter be revoked).

36 For the purposes of the preceding article: -

36.1 the reference to "eligible Shareholders" is to those members who would have been entitled to vote on the resolution on the circulation date of the resolution (which is either (a) the date on which copies of the written resolution are sent or submitted to the members in accordance with the procedures detailed in Chapter 2 of Part 13 of the Act; or (b) if copies are sent or submitted to members on different days, the first of those dates);

36.2 the reference to "required majority" is to the majority required to pass an ordinary or a special resolution under the Act, as follows: -

36.2.1 in order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with Article 34) by members representing a simple majority of the total voting rights of eligible members;

36.2.2 in order to pass a special resolution by way of written resolution, it must be passed (in accordance with Article 31) by members representing not less than 75% of the total voting rights of eligible members and the resolution must specifically state that it was proposed as a special resolution. For the avoidance of doubt, a resolution to remove a director (under section 168 of the Act) or a resolution to remove an auditor (under section 510 of the Act) cannot be proposed as a written resolution under Article 34.

37 For the purposes of Article 34, a proposed written resolution will lapse if it is not passed before the end of a period of 28 days beginning with the circulation date (as defined in the procedures specified in Article 35.1), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.

Written resolutions signed on behalf of the Holding Company

38 With reference to Articles 34 to 36, during any period when the Holding Company is the sole Shareholder, any matter which requires under the Act to be the subject of a resolution by the Shareholders may be passed by way of a written resolution, signed on behalf of the Holding Company, in accordance with the procedures specified in Articles 34 to 36.

Shareholders Reserve Power

39 The Shareholders may by special resolution direct the Directors to take or refrain from taking specified action. No such special resolution invalidates

anything which the Directors have done before the passing of the special resolution.

PART D - DIRECTORS

Maximum/minimum number of directors

- 41 The maximum number of directors shall be **seven**.
- 42 The minimum number of directors shall be **two**.

Appointment/removal of directors by Holding Company

- 43 So long as the Holding Company is the sole Shareholder, the Holding Company shall have sole power to appoint and remove directors. It shall exercise that power by notice in writing, signed by two of its directors and given to the Company (but subject to Articles 41 & 42). No employee of the Company shall be eligible to serve as a director of it.
- 44 Any appointment or removal of a director under Article 43 shall have effect from the date on which the relevant notice is given to the Company.

Disqualification and removal of directors

- 45 A director shall vacate office automatically if:
- 45.1 he/she ceases to be a director by virtue of any provision of the Act or becomes prohibited by law from being a director; or
- 45.2 he/she is sequestered.

Appointments to office

- 45 The Directors may appoint a director to chair their meetings. The person so appointed for the time being is known as the Chairperson. The Directors may terminate the Chairperson's appointment at any time. If the Chairperson is not participating in a directors' meeting within 10 minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.
- 46 The Directors may also appoint a director to hold the office of Treasurer or other offices as they see fit.
- 47 The appointment of any director to an office under Articles 46 or 47 shall terminate if he/she ceases to be a director or if he/she resigns from that office by notice to the Company.

Directors' personal interests and benefits/conflict of interest

- 48** A director who has or proposes to take a personal interest in any transaction or other arrangement which the Company is proposing to make with a third party, must declare that interest at a meeting of the Directors. A director who has such an interest via a third party or who is himself or herself proposed to be party to a transaction or other arrangement with the Company will be debarred from voting on the question of whether the Company should enter into that arrangement or from counting toward the quorum on such matter. But, provided that they have:- a) declared their interest; b) they have not voted on the question of whether or not the Company should enter into the relevant arrangement; and c) the requirements of Article 50 are complied with; the director will not be debarred from entering into the transaction or other arrangement which would give them a personal interest (or in which they are deemed to have a personal interest) and may retain any personal benefit which they gain from their participation unless they are a director of the Holding Company in which case where the Holding Company's rules on director's personal interests and conflicts of interest are more restrictive, then those rules should be applied for that director in relation to their role as director of the Company as well as the Holding Company.
- 49** For the purpose 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 theirs; any firm of which they are a partner; any limited company of which they are a substantial shareholder or director; any limited liability partnership of which they are a member or any SCIO of which they are a charity trustee; any registered society or unincorporated association of which they are a management committee member; or any other party who or which is deemed to be connected with them for the purposes of the Act; has a personal interest in that arrangement.
- 50** Where a director is to be employed by or provide 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 interest of the Company to enter into the arrangement (taking account of the maximum amount) and c) less than half of the directors must be receiving remuneration from the Company (or benefit from remuneration of that nature).
- 51** The Directors shall be entitled, for the purposes of section 175 of the 2006 Act, to authorise (by way of resolution to that effect) any conflict situation

(as defined for the purposes of Section 175) 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.

- 52** Without prejudice to Article 48, a director may be a director or employee of the Holding Company; and any direct or indirect interest that conflicts, or possibly might conflict, with the interests of the Company arising from any such relationship with the Holding Company in terms of section 175 of the Act is authorised and approved.
- 53** For the avoidance of doubt, the provisions of section 175 of the Act and Article 51 shall not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company; conflicts of that kind shall be governed by the provisions of Articles 48 to 50 and Articles 54 & 67.

Conduct of directors

- 54** Each of the directors shall comply with any code of conduct (incorporating detailed rules on conflict of interest) prescribed by the Holding Company 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.

Directors' remuneration and expenses

- 55** No director shall be entitled to any pay or fee in respect of his/her office as director. But the directors may be paid all reasonable travelling and other expenses properly incurred by them in connection with their attendance at meetings of directors, general meetings, meetings of committees of directors or otherwise in connection with the carrying-out of their duties.

Powers of directors

- 56** Subject to the provisions of the Act and of these 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.
- 57** Subject to the Articles, the Directors may delegate any of the powers which are conferred on them by the Articles to a) such person or committee; b) by such means (including by power of attorney); c) to such an extent; and d) on

such terms and conditions; as they think fit. The Directors may revoke any delegation in whole or in part or alter its terms and conditions at any time.

- 58** Committees to which the Directors delegate any of their powers must follow procedures which are based, as far as they are applicable, on those provisions of the Articles which govern the taking of decisions by the Directors. The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

Decision-making by the Directors

- 59** The general rule about decision making by directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 60.
- 60** A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors convened and held; it may consist of several documents in the same form each signed by one or more directors.
- 61** Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice. Notice of any directors' meeting must indicate:- a) its proposed date and time; b) where it is to take place; and c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting. Notice of a directors' meeting must be given to each director but need not be in writing. But notice need not be given to directors who waive their entitlement to notice of that meeting, by giving notice of waiver to the Company not more than 7 days after the date on which the meeting is held. Where that notice is given after the meeting has been held, that does not affect the validity of the meeting or of any business conducted at it.
- 62** Subject to the Articles, directors participate in a directors' meeting or part of one, when:- a) the meeting has been called and takes place in accordance with the Articles; and b) they can communicate to the others any information or opinions they have on any particular item of the business of the meeting, whether by conference telephone call, video conferencing or similar technology. In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 63** The quorum for directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than two, and unless otherwise fixed, it is two. Unless a quorum is participating in a directors' meeting, no proposal is to be voted on, except a proposal to call another meeting. If the total number of directors is less than the quorum required, the directors must not take any decision other than a decision to request the Holding Company to appoint further directors.

- 64** In the case of an equality of votes, the Chairperson or other director chairing the directors' meeting shall have a second or casting vote. But this does not apply if, in accordance with the Articles, the Chairperson or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- 65** The Directors shall be entitled to allow any person to attend and speak (but not vote) at any meeting of the directors or part thereof; such a person invited to attend a meeting of the directors shall not be entitled to exercise any of the rights or powers of a director, and shall not be or be deemed to be a director for the purposes of the Act, or any provision of these Articles.
- 66** All acts done by a meeting of directors or by a meeting of a committee of directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified from holding office or had vacated office or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.
- 67** If a question arises at a directors' meeting or of a committee as to the right of a director to participate in the meeting or part of it for voting or quorum purposes because of a personal interest, the question may, before the end of the meeting, be referred to the chair of the meeting, whose ruling in relation to any director other than the chair is to be final and conclusive. If that question should arise in respect of the chair, the question is to be decided by a decision of the other directors at that meeting, with the chair not counting as participating for voting or quorum purposes on that matter.
- 68** The Directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.
- 69** The Directors may decide to make provision for the benefit of persons employed or previously employed by the Company (other than a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company.

PART E - GENERAL

Secretary

- 70** The Directors may appoint a company secretary, and on the basis that the term of office, remuneration (if any), and other terms and conditions attaching to the appointment of the company secretary shall be as determined by the Directors; the company secretary may be removed by the Directors at any time.

Winding-up

- 71 On a winding-up of the Company, the net assets of the Company remaining after settlement of its debts and liabilities shall be distributed among the Shareholders in proportion to the Shares respectively held by them.
- 72 With reference to the preceding article, if the sole Shareholder at the time of the winding-up is the Holding Company, the net assets of the Company (as remaining after settlement of the company's debts and liabilities) will be paid over (or otherwise transferred) to the Holding Company.
- 73 If the Company is wound up, the Holding Company, alone or jointly with any other person, may become a purchaser of property belonging to the Company.

Accounts

- 74 Accounting records shall be kept in accordance with all applicable statutory requirements. Such accounting records shall always be open to inspection by any director of the Company.

Means of communication to be used e.g. for notices

- 75 The Company may give any notice to a director or Shareholder either by sending it by post in a pre-paid envelope addressed to the Shareholder at its address as last notified in writing to the Company or by leaving it at that address; in the case of a director or Shareholder which has notified the Company of an address to be used for this purpose, the Company may give any notice to that person by electronic means.
- 76 A director or Shareholder may give any notice to the Company either by sending it by post in a pre-paid envelope addressed to the Company at its registered office or by leaving it, addressed to the Chairperson or Secretary (if there is one) at the Company's registered office or (where the Company has notified the Shareholder of an address to be used for the purpose of electronic communications) by way of an electronic communication.
- 77 Any notice, if sent by pre-paid first class post, shall be deemed to have been given after the expiry of 24 hours after posting (excluding weekends and public holidays); 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.
- 78 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.

- 79** A director or Shareholder present or represented at any meeting of the Directors or Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Indemnity

- 80** Every director or other officer or auditor of the Company shall be indemnified (to the extent permitted by section 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 including, without prejudice to that generality (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 81** For the avoidance of doubt, 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).

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