

The Companies Act 1985

Company Limited by Guarantee and not having a Share Capital

Articles of Association of LEAD SCOTLAND

(as amended by Special Resolution passed on 22 September 2011)

1. The regulations contained in Tables A and C in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No. 805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 No. 1052) shall not apply to the Company and the Articles hereinafter contained shall be the Regulations of the Company.

General structure

2. The structure of the company consists of:
 - (a) the MEMBERS – who have the right to attend the annual general meeting (and any extraordinary general meeting) and have important powers under the articles of association and the Companies Acts; in particular, the members elect people to serve as directors and take decisions in relation to changes to the articles themselves
 - (b) the DIRECTORS – who hold regular meetings during the period between annual general meetings, and generally control and supervise the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company

Qualifications for membership

3. The members of the company shall consist of the subscribers to the memorandum of association and such other persons as are admitted to membership under articles 4 to 7.
4. Membership shall be open to, and the directors will consider applications for membership from, the following:
 - (a) Any national or local bodies which are in any way concerned with the welfare of disabled people and/or the education of adults
 - (b) Such voluntary organisations, charitable bodies, commercial enterprises, governmental and statutory agencies and non-governmental organisations, whose co-operation will in the opinion of the directors further the objects of the company, declaring that such organisations, bodies, enterprises and agencies shall be represented at any General Meeting by one of their number who shall cast their vote and speak on their behalf (Representative Members)
 - (c) Individuals who support the objects of the company (Individual Members)

- 4.1 The directors shall maintain a register of members, setting out the full name and address of each member, the date of which they were admitted to membership, and the date on which any person ceased to be a member.

Application for membership

5. Any person or organisation who wishes to become a member must sign, and lodge with the company, a written application for membership.
6. The directors may, at their discretion, refuse to admit any person or organisation to membership.
7. The directors shall consider each application for membership at the first directors' meeting which is held after receipt of the application; the directors shall, within a reasonable time after the meeting, notify the applicant of their decision on the application.

Membership subscription

8. The Company reserves the right to levy an annual subscription. The level or levels of any subscription shall be set at the Annual General Meeting.

Withdrawal from membership

9. Any person or organisation who wishes to withdraw from membership shall sign, and lodge with the company, a written notice to that effect; on receipt of the notice by the company, they shall cease to be a member.

Expulsion from membership

10. Any person or organisation may be expelled from membership by special resolution, providing the following procedures have been observed:
 - (a) at least 21 days' notice of the intention to propose the resolution must be given to the member concerned, specifying the grounds for the proposed expulsion
 - (b) the member concerned shall be entitled to be heard on the resolution at the general meeting at which the resolution is proposed.

Termination/transfer

11. Individual Membership shall cease on death.
12. An Individual Member may not transfer their membership to any other person.

General meetings (meetings of members)

13. 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.

14. Not more than 15 months shall elapse between one annual general meeting and the next.
15. The business of each annual general meeting shall include:
 - a) a report by the chairperson 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 40 to 45.
16. The directors may convene an extraordinary general meeting at any time (providing that any such request, in writing, is signed by no less than three directors of the Company to the Company Secretary).
17. The directors must convene an extraordinary general meeting if there is a valid requisition by no less than five members (under section 368 of the Act) or a requisition by a resigning auditor (under section 392A of the Act).

Notice of general meetings

18. At least 21 clear days' notice must be given of (a) an annual general meeting or (b) an extraordinary general meeting at which a special resolution or a resolution requiring special notice under the Act, is to be proposed; all other extraordinary general meetings shall be called by at least 14 clear days' notice.
19. The reference to "clear days" in article 18 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 contained in an electronic communication, the day after the time when it was sent) and also the day of the meeting, should be excluded.
20. 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 (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.
21. A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting; any other general meeting shall be called an extraordinary general meeting.
22. Notice of every general meeting shall be given (either in writing or, where the party to whom notice is given has notified the company of an address to be used for the purpose of electronic communications, by way of electronic communication) to all the members and directors, and (if there are auditors in office at the time) to the auditors.
23. Every notice convening a general meeting shall give information to members in regard to their right to appoint proxies (under Section 372(3) of the Act).

24. The accidental omission to give notice of a meeting or the non-receipt of notice of a meeting shall not invalidate the meeting.

Special resolutions and ordinary resolutions

25. For the purposes of these articles, a "special resolution" means a resolution passed by 75% or more of the votes cast on the resolution at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 18 to 23; for the avoidance of doubt, the reference to a 75% majority relates only to the number of votes cast in favour of the resolution as compared with the number of votes cast against the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting other than those voting by proxy as hereinafter provided for.
26. In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution
- a) to alter its name
 - b) to alter its memorandum of association with respect to the company's objects
 - c) to alter any provision of these articles or adopt new articles of association
27. 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, and (as applicable) the chairperson's casting vote), at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting has been given in accordance with articles 18 to 23.

Procedure at general meetings

28. No business shall be dealt with at any general meeting unless a quorum is present; the quorum for a general meeting shall be 10 members, present in person; at least half of whom shall be members who are not directors.
29. 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.
30. The chairperson of the company shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the chairperson 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.
31. The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such time and place as the chairperson may determine.

32. Every member, whether individual or representative, shall have one vote, which (whether on a show of hands or on a secret ballot) can be given personally, or by proxy. Representative members, as defined at article 4 hereof, must notify the secretary of the name of their representative and any other pertinent details requested at least forty eight hours prior to any general meeting. Only the named representative will be allowed to vote for that member at any general meeting.
33. If there is an equal number of votes for and against any resolution, the chairperson of the meeting shall be entitled to a casting vote.
34. 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 members present in person at the meeting); a secret ballot may be demanded either before the show of hands takes place, or immediately after the result of the show of hands is declared.
35. If a secret ballot is demanded, it shall be taken at the meeting and shall be conducted in such a manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.
36. A proxy shall be appointed by way of a form of authorisation, approved by the directors, signed and dated by the member, their representative or duly authorised official, and lodged with the Company Secretary not less than forty eight hours prior to the date and time of the General Meeting.

Maximum/minimum number of directors

37. The maximum number of directors shall be twelve and the minimum number shall be four.
38. Members may increase or reduce the number of directors by ordinary resolution.

Eligibility

39. a) A person shall not be eligible for election/appointment as a director unless they are a member of the company
 - b) An employee of Lead Scotland shall not be eligible for election/appointment as a director

Election, retiral, re-election

40. At each annual general meeting, the members may (subject to article 37) elect only those members willing to act as a director who have been notified to the Company Secretary not less than three and not more than twenty one days prior to the annual general meeting as being willing to be appointed as a director. Notification can be by any member including a member willing to be a director.
41. The directors may at any time appoint or co-opt any member (providing they are willing to act) to be a director (subject to article 37) until the date of the

next Annual General Meeting, at which time that director shall be eligible to be elected by the members.

42. At each annual general meeting, one third (to the nearest round number) of the directors shall retire from office. The directors to retire shall be those who have been longest in office since they were last elected or re-elected; as between persons who were last elected/re-elected on the same date, the question of which of them is to retire shall be determined by some random method.
43. Each director shall be eligible to serve for a period of three years, but shall then be eligible for re-election for a further period of three years. Any director who has served for a continuous period of six years and then does not serve for a period of one year will be eligible for re-election in terms of this article.
44. The members may resolve at the meeting by ordinary resolution that a director who has served for a continuous period of six years may be eligible for re-election. In the event of a director being re-elected by ordinary resolution, that director shall be eligible to serve for a period of three years.
45. A retiring director shall retain their office until the dissolution or adjournment of the meeting at which his successor is elected or it is resolved not to fill their place.

Termination of office

46. A director shall automatically vacate office if
 - (a) they cease to be a director through the operation of any provision of the Act or becomes prohibited by law from being a director
 - (b) they become debarred under any statutory provision from being involved in the management or control of a charity
 - (c) they become incapable for medical reasons of fulfilling the duties of their office and such incapacity is expected to continue for a period of more than six months
 - (d) they become an employee of the company
 - (e) they cease to be a member of the company
 - (f) they resign office by notice to the company
 - (g) they are absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove them from office
 - (h) they are removed from office by ordinary resolution (special notice having been given) in pursuance of section 303 of the Act.

Register of directors

47. The directors shall maintain a register of directors, setting out full details of each director, including the date on which they became a director, and also specifying the date on which any person ceased to hold office as a director.

Office bearers

48. The directors shall appoint from among themselves a chairperson, vice-chairperson, and a treasurer and such office bearers (if any) as they consider appropriate.
49. A person appointed to any office shall cease to hold that office if they cease to be a director, or if they resign from that office by written notice to that effect.

Powers of directors

50. Subject to the provisions of the Act, the memorandum of association and these articles, and subject to any directions given by special resolution, the company and its assets and undertakings shall be managed by the directors who may exercise all the powers of the company.
51. A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Personal interests

52. 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; they will be debarred (in terms of article 65) from voting on the question of whether or not the company should enter into that arrangement.
53. 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 theirs or any firm of which they are a partner or any limited company of which they are a substantial shareholder or director (or any other party who/which is deemed to be connected with them for the purposes of section 317 of the Act), has a personal interest in that arrangement.
54. Provided they have declared their interest – and has not voted on the question of whether or not the company should enter into the relevant arrangement – a director will not be debarred from entering into an arrangement with the company in which they have a personal interest (or is deemed to have a personal interest under article 53) and may retain any personal benefit which they gain from their participation in that arrangement.

55. 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 their duties as a director.
56. 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 one half of the directors must be receiving remuneration from the company (or benefit from remuneration of that nature).
57. 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

58. Any director may call a meeting of the directors or request the company secretary to call a meeting of the directors. There must be at least four meetings of the directors in each calendar year.
59. Questions arising at a meeting of the directors shall be decided by a majority of votes; if there is an equal number of votes for and against any resolution, the chairperson of the meeting shall be entitled to a casting vote.
60. No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall be one third of the total number of directors or three directors, whichever is the greater.
61. If at any time the number of directors in office falls below the number fixed as the quorum, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.
62. Unless they are unwilling to do so, the chairperson of the company shall preside as chairperson at every directors' meeting at which they are present. If the chairperson is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the vice-chairperson (where that office is not vacant) shall act as chairperson of the meeting. If the vice-chairperson 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.
63. 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.

64. 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 duly convened and held and may consist of several documents in the like form each signed by one or more of the directors.
65. A director shall not vote at a directors' meeting (or at a meeting of a committee) on any resolution concerning a matter in which they have a personal interest which conflicts (or may conflict) with the interests of the company; they must withdraw from the meeting while an item of that nature is being dealt with.
66. For the purposes of article 65, a person shall be deemed to have a personal interest in a particular matter if any partner or other close relative of theirs or any firm of which they are a partner or any limited company of which they are a substantial shareholder or director, has a personal interest in that matter.
67. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which they are not entitled to vote.
68. If a question arises at a directors' meeting, or a committee of directors, as to the right of a director to vote, the question may, before the end of the meeting, be referred to the chairperson of the meeting and their ruling in relation to any director other than themselves shall be final.
69. 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 63 to 68.

Conduct of directors

70. Each of the directors shall, in exercising their functions as a director of the company, act in the best interests of the company; and in particular must
 - (a) seek, in good faith, to ensure that the company acts in a manner which is in accordance with its objects (as set out in the memorandum of association)
 - (b) act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person
 - (c) in circumstances giving rise to the possibility of a conflict of interest between the company and any other party
 - a. put the interests of the company before that of the other party, in taking decisions as a director
 - b. where any other duty prevents them from doing so, disclose the conflicting interest to the company and refrain from participating in

any discussions or decisions involving the other directors with regard to the matter in question

- (d) ensure that the company complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.

Delegation

71. 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 chairperson of the company (or the holder of any other office), or any employee, such as the Chief Executive Officer and the Finance Officer, such powers as they may consider appropriate.
72. Any delegation of powers under article 71 may be made subject to such conditions as the directors may impose and may be revoked or altered.
73. The rules of procedure for any sub-committee shall be as prescribed by the directors.

Operation of bank/building society accounts

74. Eligible signatories for operating bank and building society accounts held by the company will be as set out in the rules of procedure (Financial Regulations) agreed by the board of directors.

Company secretary

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

Minutes

76. The directors shall ensure that minutes are made of all proceedings at general meetings, directors' meetings and meetings of committees; a minute of any meeting shall include the names of those present, and (as far as possible) shall be signed by the chairperson of the meeting.

Accounting records and annual accounts

77. The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.
78. The directors shall prepare annual accounts, complying with all relevant statutory requirements; if an audit is required under any statutory provisions or if they otherwise think fit, they shall ensure that an audit of such accounts is carried out by a qualified auditor.
79. Members shall have the right to inspect any accounting or other financial records of the company but only on applying to the directors in writing and

receiving the written authority of the directors to so inspect.

Notices

80. Any notice which requires to be given to a member under these articles shall be given either in writing or by way of an electronic communication; 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 them to the company or (in the case of a member who has notified the company of an address to be used for the purpose of electronic communications) may be given to the member by way of an electronic communication.
81. Any notice, if sent by post, shall be deemed to have been given at the expiry of 48 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.
82. Any notice contained in an electronic communication shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any electronic communication was sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.

Winding up

83. If the company is wound up, the liquidator shall give effect to the provisions of clause 7 of the Memorandum of Association.

Indemnity

84. Every director or other officer or auditor of the company shall be indemnified (to the extent permitted by section 309A, 309B and 310 of the Act) out of the assets of the company against any loss or liability which they may sustain or incur in connection with the execution of the duties of their office; that may include, without prejudice to that generality, any liability incurred by them in defending any proceedings (whether civil or criminal) in which judgement is given in their favour or in which they are acquitted or any liability in connection with an application in which relief is granted them by the court from liability for negligence, default or breach of trust in relation to the affairs of the company.
- .85. The indemnity contained in article 84 shall be subject to the provisions of the Act and is without prejudice to any other indemnity to which a director may otherwise be entitled.
86. 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 their office, and such insurance may extend to liabilities of the nature referred to in section 309A(1) of the Act (negligence etc. of a director).

Interpretation

87. In these articles

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

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

88. Reference in these articles to the singular shall be deemed to include the plural, and any reference to the masculine gender shall be deemed to import the feminine, and vice versa.