

**THE COMPANIES ACTS
PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION
of
CLYDE VALLEY PROPERTY SERVICES LIMITED**

(Adopted by written resolution dated ...)

COMPANY NUMBER: SC296739

(Articles based on model articles for private companies limited by shares)

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PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms

In the articles, unless the context requires otherwise—

“**articles**” means the company’s articles of association;

“**bankruptcy**” includes individual insolvency proceedings in a jurisdiction other than Scotland, England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“**chair**” has the meaning given in article 12;

“**chair of the meeting**” has the meaning given in article 28;

“**Companies Acts**” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“**director**” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“**document**” includes, unless otherwise specified, any document sent or supplied in electronic form;

“**electronic form**” has the meaning given in section 1168 of the Companies Act 2006;

“**fully paid**” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“**hard copy form**” has the meaning given in section 1168 of the Companies Act 2006;

“**holder**” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

“**instrument**” means a document in hard copy form;

“**ordinary resolution**” has the meaning given in section 282 of the Companies Act 2006;

“**paid**” means paid or credited as paid;

“**participate**”, in relation to a directors’ meeting, has the meaning given in article 10;

“**Parent**” means Clyde Valley Housing Association Limited as shareholder or such other person as its share in the company, or a majority of shares, may be transferred to pursuant to these articles;

“**shares**” means shares in the company;

“**special resolution**” has the meaning given in section 283 of the Companies Act 2006;

“**subsidiary**” has the meaning given in section 1159 of the Companies Act 2006;

“**writing**” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

2. Liability of members

2.1 The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2 DIRECTORS DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority

3.1 Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

4. Parent's reserve power

4.1 The Parent may, by special resolution, direct the directors to take, or refrain from taking, specified action.

4.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

5. Directors may delegate

5.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions; as they think fit.

5.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

5.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

6. Committees

6.1 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 directors.

6.2 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 DIRECTORS

7. Directors to take decisions collectively

7.1 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 7.3.

7.2 If—

- (a) the company only has one director, and
 - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

7.3 A unanimous decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing. An eligible director is a director who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting. A decision may not be taken in accordance with this article 7.3 if the eligible directors would not have formed a quorum at such a meeting.

8. Number of directors

8.1 The minimum number of directors is two and the maximum number of directors is six, unless otherwise determined by ordinary resolution. All the directors will be:

- (a) individuals (not representatives of a corporate body or bodies); and
- (b) not members of the Parent Board; and
- (c) not employees of either the Parent or the Subsidiary, unless the Parent agrees otherwise; and
- (d) appointed following recruitment procedures as set out in the group policy "Board recruitment policy" for the recruitment of directors and otherwise in line with relevant requirements of the group policy "Payments and Benefits Policy" (or any other (or any amendment or addition to, or replacement of, the said policies adopted from time to time by the company).

9. Calling a directors' meeting

9.1 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.

9.2 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.

9.3 Notice of a directors' meeting must be given to each director, but need not be in writing.

9.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such 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.

10. Participation in directors' meetings

10.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—

- (a) the meeting has been called and takes place in accordance with the articles, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

10.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

10.4 The directors may invite or allow any person to attend and speak, but not vote, at any meeting or meetings of the directors or of any committee of the directors.

11. Quorum for directors' meetings

- 11.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 11.2 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.
- 11.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the Parent to appoint further directors.
- 11.4 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

12. Chairing of directors' meetings

- 12.1 The directors may appoint a director to chair their meetings.
- 12.2 The person so appointed for the time being is known as the chair.
- 12.3 The directors may terminate the chair's appointment at any time.
- 12.4 If the chair is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

13. Casting vote

- 13.1 If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.
- 13.2 But this does not apply if, in accordance with the articles, the chair or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

14. Conflicts of interest

- 14.1 If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.
- 14.2 But if paragraph 14.3 applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.
- 14.3 This paragraph applies when—
- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
 - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the director's conflict of interest arises from a permitted cause.
- 14.4 For the purposes of this article, the following are permitted causes—
- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
 - (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
 - (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

- 14.5 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 14.6 Subject to paragraph 14.7, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director other than the chair is to be final and conclusive.
- 14.7 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 15. Records of decisions to be kept**
- 15.1 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.
- 16. Directors' discretion to make further rules**
- 16.1 Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

- 17. Methods of appointing and removing directors**
- 17.1 Subject to article 8.1, the Parent may from time to time appoint any person or persons as a director or directors of the company (either as an additional director or to fill a vacancy) and may remove from office any director howsoever appointed. Any such appointment or removal shall be effected by notice in writing (which may consist of several documents in the like form each signed by one or more persons) signed by or on behalf of the Parent making the same (in the case of a corporation holding any such shares the signature of a director or the secretary thereof shall be sufficient) and shall take effect upon lodgement at the company's registered office or from such later time as shall be stated in such notice.
- 17.2 Subject to the approval of the Parent, and subject to article 8.1, the directors may appoint from time to time appoint any person or persons as a director or directors of the company (either as an additional director or to fill a vacancy) and may remove from office any director howsoever appointed. Any such appointment or removal shall be effected by a decision at a directors' meeting, shall be minuted as such and shall take effect from the date of the meeting unless the Parent's approval has not been obtained in advance, in which case it shall take effect from the date of the Parent's approval.
- 17.3 A director is not entitled to appoint an alternate director to represent him at meetings of the directors or otherwise.
- 18. Termination of director's appointment**
- 18.1 A person ceases to be a director as soon as—
- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (g) that person is removed from office in terms of Article 17.

19. Directors' remuneration

- 19.1 Directors may undertake any services for the company that the directors decide and may only be remunerated for such services in line with the group policy "Payments and Benefits policy" (or any amendment or addition to, or replacement of, the said policy adopted from time to time by the company).
- 19.2 Directors shall be entitled to, remuneration whether in respect of his office as a director or as holder of any executive office of the company, but that in line with the group policy "Payments and Benefits policy" (or any amendment or addition to, or replacement of, the said policy adopted from time to time by the company).

20. Directors' expenses

- 20.1 The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors, or
 - (b) general meetings.

PART 3 SHARES AND DISTRIBUTIONS SHARES

21. All shares to be fully paid up

- 21.1 No share is to be issued unless such share is to be fully paid up at the time of issue and, while the Parent is a shareholder no further shares shall be issued without the prior written approval of the Parent.

22. Share certificates

- 22.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 22.2 Every certificate must specify—
- (a) in respect of how many shares, of what class, it is issued;
 - (b) the nominal value of those shares;
 - (c) that the shares are fully paid; and
 - (d) any distinguishing numbers assigned to them.
- 22.3 No certificate may be issued in respect of shares of more than one class.
- 22.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 22.5 Certificates must—
- (a) have affixed to them the company's common seal, or
 - (b) be otherwise executed in accordance with the Companies Acts.

23. Replacement share certificates

- 23.1 If a certificate issued in respect of a shareholder's shares is—
- (a) damaged or defaced, or
 - (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 23.2 A shareholder exercising the right to be issued with such a replacement certificate—
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
 - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

24. Share transfers

- 24.1 Subject to the prior written approval of the Parent, shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.
- 24.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 24.3 The company may retain any instrument of transfer which is registered.
- 24.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 24.5 The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

DIVIDENDS AND OTHER DISTRIBUTIONS

25. Procedure for declaring dividends

- 25.1 The company may by ordinary resolution declare dividends, and the directors with the approval of the Parent may decide to pay interim dividends.
- 25.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 25.3 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

PART 4

DECISION-MAKING BY THE SHAREHOLDERS / PARENT

ORGANISATION OF GENERAL MEETINGS

26. Attendance and speaking at general meetings

- 26.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 26.2 A person is able to exercise the right to vote at a general meeting when—
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

26.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

26.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

26.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

27. Quorum for general meetings

27.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum, such quorum being one person entitled to attend and vote on the matters to be transacted, and, for so long as the Parent is a shareholder, the Parent's representative shall constitute a quorum.

28. Chairing general meetings

28.1 If the directors have appointed a chair, the chair shall chair general meetings if present and willing to do so.

28.2 If the directors have not appointed a chair, or if the chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

must appoint a director or the Parent's representative to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

28.3 The person chairing a meeting in accordance with this article is referred to as "the chair of the meeting".

29. Attendance and speaking by directors and non-shareholders

29.1 Directors may attend and speak at general meetings.

29.2 The chair of the meeting may permit other persons who are not—

- (a) shareholders of the company, or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

30. Adjournment

30.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

30.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if—

- (a) the meeting consents to an adjournment, or
- (b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

30.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

30.4 When adjourning a general meeting, the chair of the meeting must—

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 30.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
- (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- 30.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

DECISIONS / VOTING AT GENERAL MEETINGS

31. Decisions / Voting

- 31.1 A resolution put to the vote of a general meeting must be decided by the shareholders and, for so long as the Parent is a shareholder, shall be decided by the Parent.
- 31.2 If and so long as the Parent is a shareholder, a decision taken by the Parent, which may be taken in general meeting, is as effective as if agreed by the company in general meeting. A decision taken by the Parent in this manner shall be taken either by written resolution or shall be recorded in writing and a copy shall be provided to the company.

PART 5 ADMINISTRATIVE ARRANGEMENTS

32 Means of communication to be used

- 32.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- 32.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 32.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

DIRECTORS' INDEMNITY AND INSURANCE

33. Indemnity

- 33.1 Subject to paragraph 33.2, a relevant director of the company or an associated company may be indemnified out of the company's assets against—
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
 - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
 - (c) any other liability incurred by that director as an officer of the company or an associated company.

33.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

33.3 In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a “relevant director” means any director or former director of the company or an associated company.

34. Insurance

34.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

34.2 In this article—

- (a) a “relevant director” means any director or former director of the company or an associated company,
- (b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant director in connection with that director’s duties or powers in relation to the company, any associated company or any pension fund or employees’ share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.