The Companies Act 2006

Community Interest Company Limited by Guarantee

Articles of Association[1]

of

Brae Rural Energy Hub Community Interest Company

CIC Limited by Guarantee, Schedule 1, Small Membership

The Companies Act 2006
Community Interest Company Limited by Guarantee

INDEX TO THE ARTICLES

INTERPRETATION....1
1. Defined Terms....1
2. Community Interest Company....1
3. Asset Lock....1
4. **Not for profit**....2
OBJECTS, POWERS AND LIMITATION OF LIABILITY....2
5. Objects....2
6. Powers....3
7. Liability of members....3
DIRECTORS....4
DIRECTORS' POWERS AND RESPONSIBILITIES....4
8. Directors' general authority....4
9. Members' reserve power....4
10. Chair....4
11. Directors may delegate....4
DECISION-MAKING BY DIRECTORS....5
12. Directors to take decisions collectively....5
13. Calling a Directors' meeting....5
14. Participation in Directors' meetings....5
15. Quorum for Directors' meetings....6
16. Chairing of Directors' meetings....6
17. Decision-making at meetings....6
18. Decisions without a meeting....6
19. Conflicts of interest....7
20. Directors' power to authorise a conflict of interest....7
21. Register of Directors' interests....8
APPOINTMENT AND RETIREMENT OF DIRECTORS....8
22. Methods of appointing Directors....8
23. Termination of Director's appointment....8
24. Directors' remuneration....9
25. Directors' expenses....9
MEMBERS....9
BECOMING AND CEASING TO BE A MEMBER....9
26. Becoming a member....9
27. Termination of membership....9
DECISION MAKING BY MEMBERS....10
28. Members' meetings....10
29. Written resolutions....10
ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS....11
30. Means of communication to be used....11
31. Irregularities....11
32. Minutes....11
33. Records and accounts....12
34. Indemnity....12
35. Insurance....13

36. Exclusion of model articles.....13
SCHEDULE.....14

The Companies Act 2006

Articles of Association

of

Brae Rural Energy Hub Community Interest Company

INTERPRETATION

1. Defined Terms

1.1 The interpretation of these Articles is governed by the provisions set out in the Schedule at the end of the Articles.

COMMUNITY INTEREST COMPANY AND ASSET LOCK

2. Community Interest Company

The Company is to be a community interest company.

3. Asset Lock[2]

3.1 The Company shall not transfer any of its assets other than for full consideration.

3.2 Provided the conditions in Article 3.3 are satisfied, Article 3.1 shall not apply to:

(a) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body; and

(b) the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body.

3.3 The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the memorandum or Articles of the Company.

3.4 If:

3.4.1 the Company is wound up under the Insolvency Act 1986; and

3.4.2 all its liabilities have been satisfied

any residual assets shall be given or transferred to the asset-locked body specified in Article 3.5 below.

3.5 For the purposes of this Article 3, the following asset-locked body is specified as a potential recipient of the Company's assets under Articles 3.2 and 3.4:

Name: Brae Youth and Community Centre SCIO

Charity Registration Number (if applicable): SC051895

Company Registration Number (if applicable): CS005836

Registered Office: 10 Gossaford, Brae, Shetland, ZE2 9SP [3]

4. Not for profit

4.1 The Company is not established or conducted for private gain: any surplus or assets are used principally for the benefit of the community.

OBJECTS, POWERS AND LIMITATION OF LIABILITY

5. Objects[4]

The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to:

- Support management of the activities of the Brae Rural Energy Hub to support the decarbonisation of the community in and around Brae, as well as North Mainland and Shetland; as summarised below:
    - EV rapid charging facilities – offer the community of Shetland a new area to rapid charge electric vehicles alongside a building where other facilities such as café, co-working space and energy advice can be used while waiting for their vehicle to charge.
    - Shared working space – allowing those working from home the opportunity to work from a warm, welcoming building saving money on fuel costs in their own home, allowing a space for social networking and space to work while waiting on EV charging.
    - E-Bikes location – offering e-bike rentals to the community of Shetland varying from hourly to longer term use to encourage low-carbon active travel and offer a healthy activity available to all.
    - Community electric minibus for shared use - offering an electric minibus that is available to the public and bookable through the local car club scheme.
    - Access to information and support to help individuals and businesses decarbonise - offering advice and signposting to support the public to increase their knowledge and awareness of options available to help them decarbonise their homes and businesses. This will include

information on funding availability and support completing applications.

- Participation in network activities to decarbonise transport across Shetland – the EV rapid charging, e-bike hire, and electric minibus, as well as the location of a public bus stop at the hub, are all tools that can help not only residents of Brae, but also provide resources to people, businesses and organisations that pass through Brae to potentially help them decarbonise. Promoting the role and building the reputation of the hub as a catalyst for changes to transport will be part of its aims. Participation in network meetings could be undertaken by the Officer or Directors.

- General social events – host community events to bring people, businesses, clubs and support services together including activities to raise awareness of and capacity for decarbonisation in the community and across Shetland. This will give the community a place that is warm, accessible, sociable and informative, increasing social networking, wellbeing and sense of belonging – all in a building powered and heated by low carbon technology.

- Manage the staff role of Engagement and Development Officer who will manage day-to-day operations of Hub relating to the objectives listed here

- To develop and manage income generating activities associated with the Hub and establish grant funding opportunities to ensure the sustainable running of the Hub.

- To successfully demonstrate a variety of routes to overcoming non-technical barriers to decarbonisation in Brae through successfully operating the Brae Rural Energy Hub providing economic, social and environmental benefit to the local community.

- To function as a working model of a place-based approach to rural decarbonisation that can be replicated in other communities in Shetland and across the UK.

6. Powers

6.1 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.

7. Liability of members[5]

The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while he/she/they is a member or within one year after he/she/they ceases to be a member, for:

7.1 payment of the Company's debts and liabilities contracted before he/she/they ceases to be a member;

7.2 payment of the costs, charges and expenses of winding up; and

7.3 adjustment of the rights of the contributories among themselves.

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES[6]

8. Directors' general authority

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.

9. Members' reserve power

9.1 The members may, by special resolution, direct the Directors to take, or refrain from taking, specific action.

9.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

10. Chair

The Directors may appoint one of their number to be the chair of the Directors for such term of office as they determine and may at any time remove the chair from office.

11. Directors may delegate[7]

11.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles or the implementation of their decisions or day to day management of the affairs of the Company:

11.1.1 to such person or committee;

11.1.2 by such means (including by power of attorney);

11.1.3 to such an extent;

11.1.4 in relation to such matters or territories; and

11.1.5 on such terms and conditions;

as they think fit.

11.2 If the Directors so specify, any such delegation of this power may authorise further delegation of the Directors' powers by any person to whom they are delegated.

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

DECISION-MAKING BY DIRECTORS

12. Directors to take decisions collectively[8]

Any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with Article 18. In the event of the Company having only one Director, a majority decision is made when that single Director makes a decision.

13. Calling a Directors' meeting

13.1 Two Directors may (and the Secretary, if any, must at the request of two Directors) call a Directors' meeting.

13.2 A Directors' meeting must be called by at least seven Clear Days' notice unless either:

13.2.1 all the Directors agree; or

13.2.2 urgent circumstances require shorter notice.

13.3 Notice of Directors' meetings must be given to each Director.

13.4 Every notice calling a Directors' meeting must specify:

13.4.1 the place, day and time of the meeting; and

13.4.2 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.

13.5 Notice of Directors' meetings need not be in Writing.

13.6 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose.

14. Participation in Directors' meetings

14.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

14.1.1 the meeting has been called and takes place in accordance with the Articles; and

14.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

14.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.[9]

14.3 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.

15. Quorum for Directors' meetings[10]

15.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

15.2 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. The quorum must always include at least one more additional community representative Director than the number of project partner representative Directors present at the meeting.

15.3 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:

15.3.1 to appoint further Directors; or

15.3.2 to call a general meeting so as to enable the members to appoint further Directors.

16. Chairing of Directors' meetings

The Chair, if any, or in his/her/their absence another Director nominated by the Directors present shall preside as chair of each Directors' meeting.

17. Decision-making at meetings [11]

17.1 Questions arising at a Directors' meeting shall be decided by a majority of votes.

17.2 In all proceedings of Directors each Director must not have more than one vote.[12]

17.3 In case of an equality of votes, the Chair shall have a second or casting vote.

18. Decisions without a meeting[13]

18.1 The Directors may take a unanimous decision without a Directors' meeting in accordance with this Article by indicating to each other by any means, including without limitation by Electronic Means, that they share a common view on a matter. Such a decision may, but need not, take the form of a resolution in Writing, copies of which have been signed by each Director or to which each Director has otherwise indicated agreement in Writing.

18.2 A decision which is made in accordance with Article 18.1 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:

18.2.1 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;

18.2.2 following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 18.2;

18.2.3 the date of the decision shall be the date of the communication from the Recipient confirming formal approval;

18.2.4 the Recipient must prepare a minute of the decision in accordance with Article 32.

19. Conflicts of interest[14]

19.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he/she/they must declare his/her/their interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.

19.2 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.

19.3 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 18 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 20, he/she/they must:

19.3.1 remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;

19.3.2 not be counted in the quorum for that part of the meeting; and

19.3.3 withdraw during the vote and have no vote on the matter.

19.4 When a Director has a Conflict of Interest which he/she/they have declared to the Directors, he/she/they shall not be in breach of his/her/their duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him/her/them.

20. Directors' power to authorise a conflict of interest

20.1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:

20.1.1 in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 19.3;

20.1.2 in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum;

20.1.3 the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation.

20.2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 20.1 then, even if he/she/they has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from

meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.

20.3 A Director shall not be accountable to the Company for any benefit which he/she/they derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 20.1 (subject to any limits or conditions to which such approval was subject).

21. Register of Directors' interests

The Directors shall cause a register of Directors' interests to be kept. A Director must declare the nature and extent of any interest, direct or indirect, which he/she/they has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared.

APPOINTMENT AND RETIREMENT OF DIRECTORS[15]

22. Methods of appointing Directors

22.1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors.

22.2 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director by a decision of the Directors.

23. Termination of Director's appointment[16]

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, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) 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 (but only if at least two Directors will remain in office when such resignation has taken effect); or

(e) the Director fails to attend three consecutive meetings of the Directors and the Directors resolve that the Director be removed for this reason.

(f) the Director ceases to be a member.

24. Directors' remuneration[17]

24.1 Directors are volunteers and will not receive remuneration.

25. Directors' expenses

25.1 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;

(b) general meetings; or

(c) separate meetings of any class of members or of the holders of any debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

MEMBERS[18]

BECOMING AND CEASING TO BE A MEMBER[19]

26. Becoming a member[20]

26.1 The subscribers to the Memorandum are the first members of the Company.

26.2 Such other persons as are admitted to membership in accordance with the Articles shall be members of the Company.

26.3 Each member of the company shall be a Director.

26.4 No person shall be admitted a member of the Company unless he/she/they is approved by the Directors.

26.5 Every person who wishes to become a member shall deliver to the company an application for membership in such form (and containing such information) as the Directors require and executed by him/her/them.

27. Termination of membership[21]

27.1 Membership is not transferable to anyone else.

27.2 Membership is terminated if:

27.2.1 the member dies or ceases to exist;

27.2.2 otherwise in accordance with the Articles; or

27.2.3 a member ceases to be a Director.

DECISION MAKING BY MEMBERS

28. Members' meetings[22]

28.1 The Directors may call a general meeting at any time.

28.2 General meetings must be held in accordance with the provisions regarding such meetings in the Companies Acts.[23]

28.3 A person who is not a member of the Company shall not have any right to vote at a general meeting of the Company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures. [24]

28.4 Article 28.3 shall not prevent a person who is a proxy for a member or a duly authorised representative of a member from voting at a general meeting of the Company.

29. Written resolutions

29.1 Subject to Article 29.3, a written resolution of the Company passed in accordance with this Article 29 shall have effect as if passed by the Company in general meeting:

29.1.1 A written resolution is passed as an ordinary resolution if it is passed by a simple majority of the total voting rights of eligible members.

29.1.2 A written resolution is passed as a special resolution if it is passed by members representing not less than 75% of the total voting rights of eligible members. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.

29.2 In relation to a resolution proposed as a written resolution of the Company the eligible members are the members who would have been entitled to vote on the resolution on the circulation date of the resolution.

29.3 A members' resolution under the Companies Acts removing a Director or an auditor before the expiration of his/her/their term of office may not be passed as a written resolution.

29.4 A copy of the written resolution must be sent to every member together with a statement informing the member how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Companies Acts.

29.5 A member signifies their agreement to a proposed written resolution when the Company receives from him/her/them an authenticated Document identifying the resolution to which it relates and indicating his/her/their agreement to the resolution.

29.5.1 If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the member's signature.

29.5.2 If the Document is sent to the Company by Electronic Means, it is authenticated if it is from an email Address notified by the member to the Company for the purposes of receiving Documents or information by Electronic Means.

29.6 A written resolution is passed when the required majority of eligible members have signified their agreement to it.

29.7 A proposed written resolution lapses if it is not passed within 28 days beginning with the circulation date.

ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

30. Means of communication to be used

30.1 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.

30.2 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.

30.3 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 an agreed time of their being sent, and for the agreed time to be less than 48 hours.

31. Irregularities

The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not referred to in the notice unless a provision of the Companies Acts specifies that such informality, irregularity or want of qualification shall invalidate it.

32. Minutes

32.1 The Directors must cause minutes to be made in books kept for the purpose:

32.1.1 of all appointments of officers made by the Directors;

32.1.2 of all resolutions of the Company and of the Directors (including, without limitation, decisions of the Directors made without a meeting); and

32.1.3 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting;

and any such minute, if purported to be signed (or in the case of minutes of Directors' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any member or Director of the Company, be sufficient evidence of the proceedings.

32.2 The minutes must be kept for at least ten years from the date of the meeting, resolution or decision.

33. Records and accounts[25]

The Directors shall comply with the requirements of the Companies Acts as to maintaining a members' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of:

33.1 annual reports;

33.2 annual returns; and

33.3 annual statements of account.

33.4 Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or Documents merely by virtue of being a member.

34. Indemnity

34.1 Subject to Article 34.2, 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); and

(c) any other liability incurred by that Director as an officer of the Company or an associated company.

34.2 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.

34.3 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.

35. Insurance

35.1 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.

35.2 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.

36. Exclusion of model articles

The relevant model articles for a company limited by guarantee are hereby expressly excluded.

SCHEDULE

INTERPRETATION

Defined terms

1. In the Articles, unless the context requires otherwise, the following terms shall have the following meanings:

	Term	Meaning
1.1	**"Address"**	includes a number or address used for the purposes of sending or receiving Documents by Electronic Means;
1.2	**"Articles"**	the Company's articles of association;
1.3	**"asset-locked body"**	means (i) a community interest company, a charity[26] or a Permitted Society; or (ii) a body established outside the United Kingdom that is equivalent to any of those;
1.4	**"bankruptcy"**	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
1.5	**"Chair"**	has the meaning given in Article 10;
1.6	**"Circulation Date"**	in relation to a written resolution, has the meaning given to it in the Companies Acts;
1.7	**"Clear Days"**	in relation to the period of a notice, that period 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;
1.8	**"community"**	is to be construed in accordance with accordance with Section 35(5) of the Company's (Audit) Investigations and Community Enterprise) Act 2004;
1.9	**"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;
1.10	**"Company"**	Brae Rural Energy Hub Community Interest Company
1.11	**"Conflict of Interest"**	any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or might conflict with the interests of the Company;

1.12	**"Director"**	a director of the Company, and includes any person occupying the position of director, by whatever name called;
1.13	**"Document"**	includes, unless otherwise indicated, any document sent or supplied in Electronic Form;
1.14	**"Electronic Form" and "Electronic Means"**	have the meanings respectively given to them in Section 1168 of the Companies Act 2006;
1.15	**"Hard Copy Form"**	has the meaning given to it in the Companies Act 2006;
1.16	**"Memorandum"**	the Company's memorandum of association;
1.17	**"participate"**	in relation to a Directors' meeting, has the meaning given in Article 14;
1.18	**"Permitted Registered Society"**	"Registered Society" means – (a) a registered society within the meaning given by section 1(1) of the Co-operative and Community Benefit Societies Act 2014; or (b) a society registered or deemed to be registered under the Industrial and Provident Societies Act (Northern Ireland) 1969;"
1.19	**"the Regulator"**	means the Regulator of Community Interest Companies;
1.20	**"Secretary"**	the secretary of the Company (if any);
1.21	**"specified"**	means specified in the articles of association of the Company for the purposes of this paragraph;
1.22	**"subsidiary"**	has the meaning given in section 1159 of the Companies Act 2006;
1.23	**"transfer"**	includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or right over, any property; and
1.24	**"Writing"**	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.

2. **Subject to clause** 3 of this Schedule, any reference in the Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it.

3. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Acts as in force on the date when these Articles become binding on the Company.

[1] On articles of association generally, see [Part 5] of the Regulator's information and guidance notes. If you are an existing company wishing to become a community interest company, there is no need to adopt completely new articles, but you must comply with the requirements of the Community Interest Company Regulations 2005 (as amended) ("the Regulations") by including the provisions set out in Schedule 1 to the Regulations in the articles of your company.

[2] See [Part 6] of the Regulator's information and guidance notes. Inclusion of the provisions contained in article 3.1 to 3.3 is mandatory, reflecting sub-paragraphs (1) to (3) of paragraph 1 of Schedule 1 to the Regulations

[3] See regulation 23 of the Regulations and [Parts 6 and 10] of the Regulator's information and guidance notes. If the company does not specify that the remaining residual assets are to be transferred to a particular Asset Locked Body, an appropriate recipient will be chosen by the Regulator, in consultation with the company's directors and members.

[4] On the specification of the company's objects, see [Part 5] of the Regulator's information and guidance notes

[5] On limited liability, see [Part 3] of the Regulator's information and guidance notes. On guarantees generally see [Chapter 3.2] of the Regulator's information and guidance notes.

[6] Note that although this model constitution assumes that all Directors are Members and all Members are Directors, and the Directors are given wide powers, under the Articles (and company law more generally) there are still some decisions which Members must make as Members (either in general meeting under the Companies Act 2006 (article 28.2), or by written resolution in accordance with article 29). [See in general the Companies House guidance booklet, "Resolutions" (available online at Companies House: guidance for limited companies, partnerships and other company types - GOV.UK.]

[7] Article 11 permits the Directors to delegate any of their functions. Delegation may take the form of, for instance, the Directors giving a managing director general authority to run the company's day to day business, or responsibility for specific matters being delegated to particular directors (e.g. financial matters to a finance director); or it may be equally appropriate to delegate matters to persons other than Directors. In all cases, it is important to remember that delegation does not absolve Directors of their general duties towards the company and their overall responsibility for its management. This means that, amongst other things, Directors must be satisfied that those to whom responsibilities are delegated are competent to carry them out.

[8] Article 12 states that the Directors must make decisions by majority at a meeting in accordance with article 14; or unanimously if taken in accordance with article 18.

[9] Article 14.2 is designed to facilitate the taking of decisions by the directors communicating via telephone or video conference calls. Note the requirement to keep a written record of meetings and decisions (article 32).

[10] The quorum may be fixed in absolute terms (e.g. "two Directors") or as a proportion of the total number of Directors (e.g. "one third of the total number of Directors"). You may even wish to stipulate that particular named Directors, or Directors representing particular stakeholder interests, must be present to constitute a quorum.

[11] Article 17 reflects paragraph 4 of Schedule 1 to the Regulations, which is required to be included in the articles of all community interest companies.

[12] You may wish to include a provision which gives the chair of the board a casting vote. This will enable the directors to resolve any deadlock at board level.

[13] Article 18 is designed to facilitate the taking of decisions by directors following discussions in the form of, for example, email exchanges copied to all the directors. Note the requirements as to recording the decision in articles 18.2 and 32.

[14] The provisions in articles 19 and 20 reflect the position under the Companies Act 2006. However, it is recommended that, as a matter of good practice, all actual and potential conflicts of interest are disclosed in writing or at a meeting, as the case may be.

[15] Private companies are obliged to have at least one director. Provisions can be inserted into the articles providing for a minimum number of directors. Where the company has just one director, that director must be a natural person. Article 12 notes that, where there is only one director, a majority decision is reached when that director makes a decision. In the case of a single director, the quorum provisions (article 15) will need to be amended accordingly.

[16] The board of directors cannot remove a director other than in accordance with the provisions in article 23 and the Companies Act 2006.

[17] See the guidance on directors' remuneration in [Part 9] of the Regulator's information and guidance notes.

[18] See section 112 of the Companies Act 2006. A company's members are (i) the subscribers to its memorandum; and (ii) every other person who agrees to become a member of the company and whose name is entered in its register of members.

[19] There is no need for all those who wish to become Members to subscribe to the Memorandum on incorporation; they can become Members and be entered in the register of Members after the company has been

formed. However, since this model constitution assumes that all Members are also Directors, all Members will also have to be validly appointed as Directors under article 22.

[20] Inclusion of the provisions in article 26 (other than 26.3) is mandatory and reflects paragraphs 2(1)-(4) of Schedule 1 to the Regulations. [Directors should ensure that the information to be included on an application form includes all the information which will be required to fill in Companies House Form [AP01] on the appointment of the new Member as a Director (see: Appoint a director (AP01) - GOV.UK)Article 26.3 provides that the Directors are also members of the company.

[21] Inclusion of the provisions of article 27.1 and 27.2.1 – 27.2.2 (reflecting sub-paragraphs (5) and (6) of paragraph 2 of Schedule 1 to the Regulations), is mandatory.

[22] The Companies Act 2006 has removed the need for private companies to hold annual general meetings and therefore these Articles follow suit; however, if you wish, you can insert an additional provision which obliges the company to hold annual general meetings.

[23] Article 28.2 provides that general meetings must be held in accordance with the provisions of the Companies Act 2006. You may insert additional provisions that specify how many Members are required to be present to hold a valid general meeting. The quorum may be fixed in absolute terms (e.g. "four Members") or as a proportion of the total number of Members (e.g. "three quarters of the Members from time to time"). You may even wish to stipulate that particular named Members, or Members representing particular stakeholder interests, must be present to constitute a quorum. In any event, it is recommended that the quorum should never be less than half of the total number of Members.

[24] Inclusion of the provisions of article 28.3 (reflecting paragraph 3(1) of Schedule 1 to the Regulations) is mandatory.

[25] See the Companies House guidance booklet, "Accounts and Accounting Reference Dates" (available online at Companies House accounts guidance - GOV.UK)On the annual community interest company report, see [Part 8] of the Regulator's information and guidance notes.

[26] Section 1(1) of the Charities Act 2006 defines "charity" as an institution which "is established for charitable purposes only, and falls to be subject to the control of the High Court in the exercise of its jurisdiction with respect to charities.".