COMMUNITY SHARES SCOTLAND
MODEL RULES – CHARITY MODEL

ALFORD VALLEY COMMUNITY RAILWAY LIMITED

A charitable society for the benefit of the community (BenCom)

(registered under the Co-operative and Community Benefit Societies Act 2014)

RULES

of

ALFORD VALLEY COMMUNITY RAILWAY LIMITED

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(registered under the Co-operative and Community Benefit Societies Act 2014)

Name

1 The name of the society shall be "Alford Valley Community Railway Limited".

Objects

2 The objects of the society shall be to carry on business for the benefit of the community at large, through furthering, within the Alford Valley in Aberdeenshire (which comprises the postcodes AB33) ("the Community"), the following charitable purposes:

2.1 The advancement of community development (including rural regeneration);

2.2 To restore, preserve and operate railway locomotives, carriages, wagons, vehicles & other artefacts of historical interest and the structures connected therewith for the benefit and education of the public.

But only to the extent that the above purposes are consistent with furthering the achievement of sustainable development.

Powers

3 The society shall have power to do anything which is calculated to further its objects or is conducive or incidental to doing so; without limiting the generality of that provision, the society shall have the following powers:

3.1 To manage community land and associated assets for the benefit of the Community and the public in general as an important part of the protection and sustainable development of Scotland's natural environment;

3.2 To register any interest in land and to exercise any right to buy under Part 2 of the Land Reform (Scotland) Act 2003 and/or any right to buy under Part 3A of the Land Reform (Scotland) Act 2003 and/or

any right to buy under Part 5 of the Land Reform (Scotland) Act 2016.

3.3 To make any participation request under Part 3 of the Community Empowerment (Scotland) Act 2015 and/or any asset transfer request under Part 5 of the Community Empowerment (Scotland) Act 2015, and to take any appropriate steps following upon the making of any such request.

Registered office

The registered office of the society shall be at Alford Valley Community Railway Ltd, Main Street, Alford AB33 8AD.

Membership

4 The members of the society shall consist of:

4.1 the signatories to the application for registration of the society;

4.2 in the case of Annual and Lifetime Community Members, such other individuals as may be admitted to membership from time to time under rules 10 to 19;

4.3 in the case of Contributor Members, such other individuals or corporate bodies as may be admitted to membership from time to time under rules 10 to 19.

5 In order to become a member of the society, an individual or body must apply for a share or shares issued by the society; and if an individual or body ceases to hold a share or shares issued by the society, they will automatically cease to be a member.

Liability of members and directors

6 The liability of a member shall be limited to such sum (if any) as they are due to pay to the society for shares held by them; accordingly, if the society is unable to meet its debts, the members will not be held responsible (beyond any such sum that they may be due to pay to the society for their shares).

7 The directors have certain legal duties under the Act; and rule 7 does not exclude (or limit) any personal liabilities they might incur if they are in breach of those duties or in breach of other legal obligations or duties that apply to them personally.

Classes of shares

8 There shall be two classes of shares:

8.1 **Annual or Lifetime Community Member Shares** – these will be of the nominal value of £10 each and £200 respectively (with no-one

being entitled to hold more than one Annual or Lifetime Community Member Share), and shall have the following rights and restrictions:

8.1.1 they shall be withdrawable (allowing the holder to give up their share in exchange for £10 or £200) in accordance with rule 43 ;

8.1.2 they shall not be transferable (ie a holder will not be able to transfer their share to any other person) (but see rules 57 to 60 (death or bankruptcy));

8.1.3 they will carry no right to payment of interest (see rule 36);

8.1.4 they will allow the holder to vote on resolutions that are put to the members at general meetings (ie the AGM and other members' meetings) in accordance with rule 95;

8.1.5 they will allow the holder to stand for election to the board as a Community Director (as defined in rule 112) and to participate in electing Community Directors at the AGM, as provided for in rules 122 to 127;

8.1.6 they will give the holder an entitlement to no more than £10 or £200 if the society is wound up or dissolved and has assets remaining after settlement of its other liabilities (see rules 215 and 216).

8.2 **Contributor Shares** – these will be of the nominal value of £25 each (and on the basis that an individual or body can hold as many Contributor Shares – up to the limit applicable under rules 26 and 27 – as they may wish) and shall have the following rights and restrictions:

8.2.1 they shall be withdrawable (allowing the holder of the shares, subject to certain restrictions, to give up their shares in exchange for cash) in accordance with rules 46 to 56;

8.2.2 they shall not be transferable (ie a holder of shares will not be able to transfer their shares to any other person) (but see rules 57 to 59 (death or bankruptcy));

8.2.3 they will carry a right to payment of interest (subject to certain restrictions) as provided for in rules 37 to 42;

8.2.4 they will allow the holder to vote on certain resolutions that are put to the members at general meetings (ie the AGM and other members' meetings) in accordance with rule 95 (though only holders of Annual or Lifetime Community Member Shares are entitled to vote on any resolution of the nature set out in rule 98);

8.2.5 they will allow the holder to stand for election to the board as a Contributor Director (as defined in rule 112) or (if the holder is a corporate body) to nominate an individual for election to the board; and to participate in electing Contributor Directors, as provided for in rules 128 to 134;

8.2.6 they will give the holder an entitlement to no more than £25 per Contributor Share if the society is wound up or dissolved and has assets remaining after settlement of its other liabilities (see rules 215 and 216).

9 An individual will not be eligible to hold a Annual or Lifetime Community Member Share unless:

9.1 they are ordinarily resident in the Community;

9.2 or in the community of interest;

9.3 they are entitled to vote at a local government election in a polling district that includes the Community or part of it;

and (for the avoidance of doubt) an Annual or Lifetime Community Member Share can only be held by an individual – an Annual or Lifetime Community Member Share cannot be held by a body.

Application for membership

10 An individual who wishes to become a member shall lodge with the society a written application for membership (in such form as the board requires) signed by them or (in the case of a corporate body) signed on its behalf by an appropriate officer, and specifying whether they are applying for a Community Member Share or Contributor Shares (or both); if they are applying for Contributor Shares, the application must be for at least the minimum number of Contributor Shares applicable under rule 23.

11 If an individual is applying for an Annual Community Member Share or Lifetime Community Member Share, they must give to the society such evidence (if any) as the society may request to demonstrate that they are ordinarily resident in the Community.

12 Each application for membership shall be considered by the board within a reasonable period after receipt by the society of the application.

13 The directors shall assess each application for an Annual Community Member Share or Lifetime Community Member Share to determine whether the applicant meets the relevant criteria for admission to membership; and if they determine that the applicant does meet the relevant criteria, the directors must resolve that they should be admitted to membership and must resolve to issue an Annual Community Member Share or Lifetime Community Member Share to them accordingly.

14 The board shall be entitled at its discretion (but, in the case of an application for Contributor Shares, having regard to the provisions regarding allocation of Contributor Shares contained in any relevant offer document):

14.1 to refuse to admit any applicant for Contributor Shares to membership (unless they is also applying for a Community Member Share, in which case rule 13 shall apply) if the board considers that it has reasonable grounds to believe that they might, if admitted to membership, act in a manner which would damage the reputation of the society, undermine the efficiency of its operations and/or disrupt the proper conduct of its meetings;

or

14.2 to allot less than the number of Contributor Shares for which an applicant is applying.

15 With reference to rules 12 and 14:

15.1 if the board resolves that an applicant applying for Contributor Shares should be admitted to membership, the board cannot allot to them less than the minimum number of Contributor Shares applicable under rule 23;

15.2 the board must not allot Contributor Shares to an applicant if the effect would be that the individual or body in question held Contributor Shares in excess of the maximum applicable under rules 26 and 27 at the time;

15.3 the board must not allot a further Annual Community Member Share or Lifetime Community Member Share to an applicant if they already hold one.

16 The board shall, within a reasonable period after the meeting at which an application is considered, notify the applicant in writing of:

16.1 the board's decision as to whether or not to admit the applicant to membership;

and (if the board has resolved that an applicant for Contributor Shares should be admitted to membership)

16.2 the number of Contributor Shares which the board has resolved should be allocated to them.

17 Any resolution by the board to the effect that an applicant should be admitted to membership - and that an Annual Community Member Share, Lifetime Community Member Share and/or a certain number of Contributor Shares should be allocated to them - shall be taken to be conditional on payment in full for the Annual Community Member Share or Lifetime Community Member Share and/or (as the case may be) those Contributor Shares; an

individual or body shall not be entered in the register of members unless and until the Shares allocated to them have been paid for in full.

18 In the case of any signatory to the application for registration of the society who is eligible to be the holder of an Annual Community Member Share or Lifetime Community Member Share, the board may specify, by notice to them, a date by which they must make payment for one Annual Community Member Share or Lifetime Community Member Share if they wish to remain in membership of the society; on payment of that sum, they shall be entered in the register of members as holder of one Annual Community Member Share or Lifetime Community Member Share, but if they fail to do so before that date, they shall cease to be a member of the society.

19 For the avoidance of doubt:

19.1 the sum payable to the society for one Annual Community Member Share is £10;

19.2 the sum payable to the society for a Lifetime Community Member Share is £200;

19.3 the sum payable to the society for one Contributor Share is £25.

Maximum number of Annual Community Member Shares and Lifetime Community Member Share

20 No individual may hold more than one Annual Community Member Share or one Lifetime Community Member Share

Minimum number of members

21 The minimum number of members is 20; and at least three quarters of the members must, at all times, be holders of Annual Community Member Shares or Lifetime Community Shares.

22 In the event that either or both of the requirements under rule 21 cease to be met through a reduction in the number of members or a reduction in the proportion of holders of Annual Community Member Shares or Lifetime Community Member Share included within the membership, the directors may not conduct any business other than to ensure the admission of sufficient members (or, as the case may be, the issue of sufficient Annual Community Member Shares or Lifetime Community Member Share) to ensure that those requirements are met once more.

Minimum and maximum number of Contributor Shares

23 The minimum number of Contributor Shares for which an individual or body must subscribe in the context of any offer of Contributor Shares by the society may be prescribed by the offer document relating to that offer of Contributor Shares; if the offer document does not state otherwise, the minimum number of Contributor Shares for which an individual or body must subscribe:

23.1 in order to be admitted to membership (where they are not eligible to hold an Annual Community Member Share or Lifetime Community Member Share);

or (if they are already a member)

23.2 in order to be allocated shares on the occasion of an offer of shares shall be one Contributor Share of £25 each.

24 Any individual who was a signatory to the application for registration of the society may lodge with the society a written application for Contributor Shares (in such form as the board require) signed by them, and specifying the number of Contributor Shares (which must be at least the minimum number of Contributor Shares applicable under rule 23) for which they is applying.

25 In the case of any signatory to the application for registration of the society who is not eligible to be the holder of an Annual Community Member Share or Lifetime Community Member Share, the board may specify, by notice to they, a date by which they must lodge an application for Contributor Shares under rule 24 if they wish to remain in membership of the society; if they fail to do so before that date, or fail to make payment in full for the Contributor Shares allocated to they, they shall cease to be a member of the society.

26 Subject to rule 27, the maximum number of Contributor Shares that may be held by any member shall be as prescribed from time to time under section 24 (as read with section 25) of the Act.

27 The board may fix from time to time, by way of a resolution passed by majority vote at a board meeting, a maximum number of Contributor Shares that may be held by any member which falls below that applicable under rule 26 – providing that is consistent with the terms of any offer document issued in connection with an offer of Contributor Shares.

Application for Contributor Shares by an existing member

28 Applications for Contributor Shares by individuals or bodies who are members of the society (whether on the basis that they already hold an Annual Community Member Share or Lifetime Community Member Share or on the basis that they already hold Contributor Shares) shall be made to the board; the provisions of rules 10 to 19 (but disregarding references to application for, and admission to, membership) shall apply.

Register of members

29 The society shall keep at its registered office a register of members, in which the secretary shall enter the following details:

29.1 the name and postal address (and, where supplied by the member, e-mail address) of each member;

29.2 a statement of the number of shares held by each member, the class of shares held by that member (ie whether they hold an Annual

Community Member Share, Lifetime Community Member Share or Contributor Shares or both), and confirmation that such Shares is/are fully paid up;

29.3 a statement of any other property in the society, whether in loans or otherwise, held by each member;

29.4 the date on which each member's name was entered in the register as a member; and

29.5 the date on which any individual or body ceased to be a member.

Annual and Lifetime membership subscription

30 The board may, if they consider appropriate, introduce (or, as the case may be, re-introduce) an annual membership subscription or Lifetime Community Member Share for the holders of Annual Community Member Shares or Lifetime Community Shares (excluding those holders of Annual Community Member Shares or Lifetime Community Member Share who also hold Contributor Shares), and may similarly resolve that an annual membership subscription should no longer be payable; the provisions of rules 31 to 35 shall apply only in respect of any period for which the board has resolved that an annual membership subscription should be payable.

31 For the avoidance of doubt, no annual membership subscription shall be payable by a member who holds Contributor Shares, even if they are also the holder of a Community or Lifetime Community Member Share.

32 The amount of the annual or lifetime membership subscription shall be determined by the board from time to time.

33 The annual membership subscriptions shall be payable on or before such date in each year as the board may determine.

34 If the membership subscription payable by any holder of an Annual Community Member Share or Lifetime Community Member Share (excluding, for the avoidance of doubt, any holder of an Annual Community Member Share or Lifetime Community Member Share who is also the holder of Contributor Shares) remains outstanding more than six weeks after the date on which it fell due (and providing the holder of the Annual Community Member Share or Lifetime Community Share has been given at least one reminder sent by post or email), the board may, by resolution to that effect, expel that individual from membership; their Annual Community Member Share or Lifetime Community Share shall be cancelled (and on the basis that the £10 or £200 paid up on the cancelled share shall become the property of the society).

35 An individual who ceases (for whatever reason) to be a member shall not be entitled to a refund of the membership subscription.

Prohibition on payment of interest on Annual Community Member Shares or Lifetime Community Member Share

36 No interest shall be payable on Annual Community Member Shares or Lifetime Community Shares.

Interest on Contributor Shares

37 Interest shall (subject to rules 38 and 39) be payable on the Contributor Shares at such rate or rates as may be determined by the board from time to time.

38 The rate of interest payable on the Contributor Shares shall be set at a level which (a) represents the lowest rate of interest which the board considers to be compatible with obtaining the necessary funds from members who are committed to furthering the society's community-benefit objectives (and such that the rate of interest would therefore not in itself be a motivation to buy such shares, in the absence of a desire on the part of those investing in the Contributor Shares to further the society's community-benefit objectives) and (b) the board can justify as being in the interests of the charity by reference to available commercial rates for borrowing; and such that the rate of interest payable on the Contributor Shares shall not at any time be higher than 3% per annum above the base rate of the Bank of England.

39 The specific rate of interest payable on the Contributor Shares in respect of a given period shall be determined by the board (in accordance with rule 38 and having regard to the financial projections available to the board at the time), and shall be notified by the society to the holders of the Contributor Shares in advance of that period.

40 Notification under rule 39 may be made by posting an appropriate statement on the society's website or (if the board considers appropriate) by inclusion of an appropriate statement in a circular issued to holders of Contributor Shares either in hard copy form or by email.

41 The timing of interest payments on the Contributor Shares, and the arrangements for payment of interest on the Contributor Shares, shall be as determined by the board from time to time (taking due account of the content of any offer document relating to the issue of Contributor Shares).

42 The board shall be entitled to suspend or reduce interest payments at any time in the interests of the society; and on the basis that where the reduction or suspension is for a fixed period, that period may be extended from time to time by the board where the board considers that to be appropriate in the interests of the society.

Withdrawal of Community Member Shares (Annual or Lifetime)

43 An Annual Community Member Share or Lifetime Community Member Share may be withdrawn by the holder of the Share at any time, by giving to the society written notice of withdrawal; An individual who ceases (for

whatever reason) to be a member shall not be entitled to a refund of the membership subscription.

44 An Annual Community Member Share or Lifetime Community Member Share withdrawn under rule 43 shall be cancelled.

Cancellation of Annual Community Member Share of Lifetime Community Member Share: holder ceasing to be resident

45 If the holder of an Annual Community Member Share or Lifetime Community Member Share ceases to fulfil either of the criteria specified in rule 9, their Annual Community Member Share or Lifetime Community Share shall (as soon as reasonably practicable after the society becomes aware that they has ceased to fulfil either of those criteria) be cancelled (and on the basis that the £10 or £200 paid up on the cancelled share shall become the property of the society).

Withdrawal of Contributor Shares

46 Contributor Shares may (subject to rules 47, 49 and 51) be withdrawn by a holder of Contributor Shares, providing (subject to rule 48) the holder has given to the society at least three months' prior written notice of withdrawal.

47 Withdrawal of Contributor Shares (and payment of the sums due on withdrawal) shall (subject to paragraph 49.3) be dealt with in the order in which the relevant notices of withdrawal were received by the society (but without prejudice to the provisions of rule 50).

48 The board may waive the period of notice required for withdrawal in any given case.

49 The board may, at its sole discretion, suspend the right to withdraw Contributor Shares either wholly or partially, and either indefinitely or for a fixed period; and on the basis that:

49.1 the suspension shall apply to all notices of withdrawal which have been received by the society (so far as not implemented) at the time when the board suspends the right to withdraw as well as to notices received after that time;

49.2 where the suspension is for a fixed period, that period may be extended from time to time by the board;

49.3 during any period of suspension, the board may nevertheless (at its discretion) allow Contributor Shares held by deceased members to be withdrawn by their executors or other personal representatives, subject to giving such notice as the board may direct;

49.4 if a member wishes to terminate their membership of the society during any period of suspension, they may, by notice in writing to the society to that effect, surrender all of their Contributor Shares to the society.

50 In the circumstances referred to in paragraph 49.4, the board may make payment of the appropriate sum in respect of the surrender of the Contributor Shares (which will correspond with the sum that would have been due in respect of withdrawal of the Contributor Shares) at such time as the board considers (at its discretion) that it would be appropriate to do so, having regard to the financial position of the society and any notices of withdrawal by other members which have yet to be dealt with.

51 If the offer document relating to any offer of shares by the society prescribes the minimum number of Contributor Shares for which an individual or body must subscribe in the context of that offer, a notice of withdrawal by an individual or body who/which was allocated Contributor Shares pursuant to that offer shall not be valid if it would mean that (following withdrawal) they would hold Contributor Shares falling below that minimum number – unless the notice of withdrawal is in respect of their/its whole holding of Contributor Shares.

52 For the avoidance of doubt, if the effect of a notice of withdrawal is that an individual or body no longer holds any Contributor Shares or an Annual Community Member Share or Lifetime Community Member Share, they shall automatically cease to be a member of the society on withdrawal of the Contributor Shares.

53 The amount to be paid to a member (or their executors or other personal representatives) on withdrawal of a Contributor Share or Contributor Shares shall (subject to rules 61 and 62 (reduction in value)) be £25 per Contributor Share.

54 Interest shall continue to run on any Contributor Share which is the subject of a notice of withdrawal, up to the date on which payment of the sum due on withdrawal is made to the member or their executors or other personal representatives.

55 The society may deduct, from the sum that would otherwise be payable to a member (or their executors or other personal representatives) on withdrawal of any Contributor Share, a reasonable fee (as determined by the board) to reflect the society's administrative costs in dealing with the formal procedures associated with withdrawal.

56 Contributor Shares withdrawn in accordance with rules 46 to 55 shall be cancelled.

Transfer of property in the society on death or bankruptcy

57 Upon a claim being made by the executors (or other personal representatives) of a deceased member or the trustee in sequestration of a bankrupt member to any property in the society (which may include Contributor Shares) belonging to the deceased/bankrupt member, the society shall (subject to rule 49) transfer or pay such property to which the executors/personal representatives or trustee in sequestration has/have become entitled as the executors/personal representatives or trustee in sequestration may direct.

58 A member may, in accordance with the Act, nominate any individual or individuals to whom any of their property in the society at the time of their death (which may include Contributor Shares) shall be transferred, but such nomination shall only be valid to the extent of the amount allowed at the time by the Act; on receiving satisfactory evidence of the death of a member who made a nomination, the society shall, in accordance with the Act and rule 59, either transfer or pay the full value of the property comprised in the nomination to the individual(s) entitled to it under that nomination.

59 Contributor Shares are non-transferable, and accordingly no transfer of Contributor Shares shall be made in pursuance of rule 57 or 58; instead, the society shall pay the full value of the Contributor Shares (calculated on the basis of £25 (or such lower value as may apply at the time under rule 61) per Contributor Share) to the relevant executors/personal representatives, trustee in sequestration or (as the case may be) individual(s), and the Contributor Shares shall then be cancelled.

60 Annual Community Member Shares and Lifetime Community Member Shares are non-transferable, and accordingly no transfer of an Annual Community Member Share or Lifetime Community Member Share shall be made in pursuance of rule 57 or 58; instead, the society shall pay £10 or £200 (being the nominal value of the Annual Community Member Share or Lifetime Community Member Share) to the relevant executors/personal representatives, trustee in sequestration or (as the case may be) individual(s) and the Annual Community Member Share or Lifetime Community Member Share shall then be cancelled.

Reduction in value of Contributor Shares

61 If at any time the society's auditors (or any independent chartered accountants appointed by the board for this purpose) certify that the aggregate of the amount of the society's liabilities plus the amount of its issued share capital exceeds its assets, the board may determine that the whole or part of that excess should be apportioned among the holders of the Contributor Shares in proportion to the amount (in nominal value) of Contributor Shares held by them; the following provisions shall apply:

61.1 the apportionment shall be based on the value of the Contributor Shares held by each member at close of business on the date of such determination by the board;

61.2 the value of the Contributor Shares held by each member shall be reduced accordingly for the purpose of withdrawal of shares;

61.3 for the avoidance of doubt, a Contributor Share shall not in any circumstances be reduced to a value less than nil.

62 For the avoidance of doubt, the board may, following any reduction in the value of Contributor Shares in pursuance of rule 61, arrange for a subsequent certification under that rule; and may, on the basis of that subsequent certification, reduce the value of Contributor Shares further or (as the case

may be) increase the value of Contributor Shares (but not to a value in excess of their nominal value).

Expulsion from membership

63 The board shall be entitled to expel any individual or body from membership for good and sufficient reason by way of a resolution to that effect passed at a board meeting, providing the procedure specified in rules 64 and 65 is followed.

64 Any director who wishes to propose at any board meeting a resolution for the expulsion of any individual or body from membership shall lodge with the society a written notice of their intention to do so (identifying the member concerned and specifying the grounds for the proposed expulsion) not less than 28 days prior to the date of the board meeting.

65 The society shall, on receipt of a notice under rule 64, send a copy of the notice to the member concerned; and the member concerned shall be entitled to be heard on the resolution at the board meeting at which the resolution is proposed.

66 An individual or body expelled from membership under the provisions of rules 63 to 65 shall have the right to appeal to a general meeting of the society providing they lodges notice of such appeal with the society within 14 days after the resolution of the board under rule 63 is notified to them; and if the member concerned lodges notice of their appeal to the society within that period:

66.1 the board shall make such arrangements with regard to the convening of the general meeting, the circulation of any representations which the member concerned may wish to make, and other relevant matters as the board may reasonably consider appropriate; and

66.2 at the general meeting convened under the preceding provisions of this rule, the society may, by way of a resolution passed by majority vote, direct that the expulsion should cease to have effect and that the member concerned should be re-admitted to membership.

67 If an individual or body is expelled from membership under rules 63 to 66, the Annual Community Member Share, Lifetime Community Member Share and/or Contributor Shares held by them/it shall be withdrawn:

67.1 after expiry of the period for lodging a notice of appeal;

or, if a notice of appeal was lodged within that period,

67.2 immediately following the relevant general meeting (if the appeal was unsuccessful);

and the society shall pay to them the sum which would be payable under rules 43 to 56 as if they had given to the society notice of withdrawal in respect of all Contributor Shares held by them (and/or, if applicable, the

Annual Community Member Share or Lifetime Community Member Share held by them) with effect from the date of the board's resolution under rule 63 and their/its Shares shall be cancelled.

Termination of membership

68 An individual shall automatically cease to be a member of the society if:

68.1 they die;

68.2 they are sequestrated (ie becomes bankrupt);

68.3 they cease to hold either an Annual Community Member Share, Lifetime Community Member Share or any Contributor Shares; or

68.4 they are expelled from membership.

69 A body shall automatically cease to be a member of the society if:

69.1 it goes into liquidation or is the subject of an administration order or is dissolved or struck off;

69.2 its Contributor Shares are withdrawn;

69.3 it surrenders its Contributor Shares; or

69.4 it is expelled from membership.

General meetings

70 All general meetings other than annual general meetings ("AGMs") are to be called special general meetings.

71 The board shall convene an AGM in each year (but excluding the year in which the society is formed).

72 The first AGM shall be held not later than 18 months after the date of registration of the society.

73 Not more than 15 months shall elapse between one AGM and the next.

74 The business of the AGM shall include the following:

74.1 a report by the Chair on the activities of the society;

74.2 consideration of the annual accounts of the society;

74.3 the election/re-election of Community Directors, as referred to in rules 122 to 127;

74.4 announcement of the outcome of the election/re-election process in relation to Contributor Directors, as referred to in rule 129.

75 The board must convene a special general meeting if there is a valid requisition by members; a requisition by members shall be valid for this purpose if it is in writing, signed by at least 10% of the membership of the society, states the purpose for which the meeting is to be held and is received at the society's registered office.

76 If the board receives a valid requisition fulfilling the requirements prescribed by rule 75, the board shall convene the special general meeting for a date falling no more than 28 days after the date on which the requisition was received by the society.

77 Subject to rules 71 to 76, the board may convene general meetings whenever the board thinks fit.

Notice of general meetings

78 At least 14 clear days' notice of general meetings must be given to all the members and directors, and (if auditors are in office at the time) to the auditors.

79 The reference to "clear days'" in rule 78 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 sent by electronic means, the day after it was sent), and also the day of the meeting, should be excluded.

80 A notice calling a meeting shall specify the time, date and place of the meeting; it shall:

80.1 indicate the general nature of the business to be dealt with at the meeting;

80.2 if a resolution of the nature referred to in rule 83 is to be proposed, give the exact terms of the resolution and refer to the special majority required for the resolution to be validly passed; and

80.3 contain a statement informing members of their right to appoint a proxy.

81 A notice convening an AGM shall specify that the meeting is to be an AGM.

82 Notice of every general meeting shall be given: -

82.1 in hard copy form; or

82.2 (where the individual or body to whom/which notice is given has notified the society of an address to be used for the purpose of electronic communications) in electronic form.

Resolutions at general meetings

83 A resolution relating to any of the following matters shall be valid only if 75% or more of the votes which are cast in relation to that resolution are in favour of the resolution: -

83.1 a resolution effecting an amendment to these rules;

83.2 a resolution under rule 153 issuing a direction to the board;

83.3 a resolution under paragraph 140.11 removing an individual from office as a director:

83.4 a resolution for the winding-up or dissolution of the society;

and on the basis that further requirements specified in the Act may apply in relation to any resolution of the nature referred to in paragraph 83.4.

84 A resolution for amalgamation or for the transfer of the engagements of the society to some other society shall be valid only if two thirds or more of the votes which are cast in relation to that resolution are in favour of the resolution; and on the basis that further requirements specified in the Act may apply in relation to any resolution of that nature.

85 Any resolution - other than a resolution of the nature referred to in rule 83 or 84 - shall (except as otherwise provided in the Act) be valid if passed by majority vote at a general meeting

Proceedings at general meetings

86 No business shall be transacted at any general meeting unless a quorum is present; subject to rule 87, the quorum shall be 20 members (whether holders of Annual Community Member Shares, Lifetime Community Membership Shares or Contributor Shares), present in person (in the case of a corporate body, via its duly authorised representative present at the meeting) or represented by proxy.

87 A quorum shall not be deemed to be constituted at any general meeting unless the holders of Annual Community Member Shares or Lifetime Community Member Shares present or represented at the meeting constitute a majority of the members present or represented by proxy at the meeting.

88 If the quorum required under rule 86 (as read with rule 87) is not present within half an hour after the time appointed for the meeting, or if during a meeting such 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.

89 The Chair of the society shall (if present and willing to act) preside as chairperson of the meeting.

90 If the Chair of the society is not present and willing to act as chairperson of the meeting within half an hour of the time appointed for holding the meeting, the Vice Chair shall act as chairperson of the meeting; or, if neither

is present and willing to act as chairperson within half an hour of the time appointed for holding the meeting, the directors present shall elect one of their number to act as chairperson of the meeting.

91 A director shall, notwithstanding that they are not a member, be entitled to attend and speak at any general meeting.

92 The chairperson of a general meeting may, with the consent of the meeting at which a quorum is present (and must, if the meeting requests them to do so) adjourn the meeting, but not for a period in excess of 30 days; no notice need be given of an adjourned meeting.

93 A resolution put to the vote of a general meeting shall be decided on a show of hands, unless before the show of hands, or immediately after the result of the show of hands is declared, a secret ballot is demanded by the chairperson of the meeting, or by any person present at the meeting and entitled to vote (whether as a member, as the duly authorised representative of a member which is a corporate body, or as the proxy for a member).

94 If a secret ballot is demanded in accordance with rule 93, it shall be taken at once and shall be conducted in such manner as the chairperson of the meeting shall direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Votes of members

95 Subject to rule 97, every member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given personally (in the case of a member which is a corporate body, via its duly authorised representative present at the meeting) or by proxy.

96 For the avoidance of doubt (but subject to rule 97):

96.1 an individual who holds both a Community Member Share or a Lifetime Community Member Share and Contributor Shares shall have only one vote;

96.2 a holder of Contributor Shares shall have only one vote, irrespective of the number of Contributor Shares which they hold.

97 In relation to any resolution of the nature referred to in rule 98 which is proposed at a general meeting (or which is the subject of any written resolution by the members), the holders of the Annual Community Member Shares or a Lifetime Community Member Share shall be the only members of the society who are eligible to vote on that resolution.

98 The provisions of rule 97 shall apply in relation to:

98.1 any resolution effecting an amendment to any of the following rules (based on the numbering and wording of the rules which appeared in the version of the rules submitted with the application for registration of the society):

98.1.1 rule 2 (objects);

98.1.2 rule 8.1 (rights attaching to the Annual Community Member Shares or Lifetime Community Member Shares);

98.1.3 rules 37 and 38 (restrictions on interest payable on Contributor Shares);

98.1.4 rule 87 (special quorum requirement);

98.1.5 rule 97 and this rule 98 (only holders of Annual Community Member Shares or Lifetime Community Member Shares eligible to vote in relation to certain resolutions);

98.1.6 rules 113 and 114 (composition of the board);

98.1.7 rules 122 to 127 (election of Community Directors);

98.1.8 rules 210 and 210 (application of surpluses);

98.1.9 rules 216 to 218 (transfer of surplus assets on winding-up);

98.2 any resolution for the removal of a Community Director;

98.3 any resolution for the conversion of the society into some other type of legal entity or for the amalgamation of the society or for the transfer of engagements of the society.

99 With reference to paragraph 98.1, a resolution adopting a new rule, or amending or rescinding an existing rule, shall be deemed to be a resolution effecting an amendment to any of the rules specified in paragraph 98.1 if it would affect (if passed) the meaning or effect of any rule specified in paragraph 98.1.

100 A member who wishes to appoint a proxy to vote on their behalf at any general meeting:

100.1 shall lodge with the society, at the society's registered office, a written instrument of proxy (in such form as the board require), signed by them or (in the case of a corporate body) signed on its behalf by an appropriate officer; or

100.2 shall send by electronic means to the society at such address as may have been notified to the members by the society for that purpose, an instrument of proxy (in such form as the board require)

providing (in either case) the instrument of proxy is received by the society at the relevant address not less than 48 hours before the time for holding the meeting; for the avoidance of doubt, in calculating the 48-hour period referred to in the preceding provisions of this rule 100, no account shall be taken of any day that is not a working day.

101 An instrument of proxy, or electronic communication containing the appointment of a proxy, which does not conform with the provisions of rule 100 or which is not lodged or sent in accordance with such provisions, shall be invalid.

102 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.

103 Subject to rule 104, a proxy shall not be entitled to cast, in relation to each resolution, more than one vote in their capacity as a proxy (in addition to their own vote if they is a member of the society or in their capacity as the authorised representative of a corporate body which is a member), notwithstanding that they may have been appointed as proxy by more than one member.

104 The provisions of rule 103 shall not apply in relation to the chairperson of a general meeting who is appointed as a proxy by two or more members; but they will be entitled to cast votes on a given resolution in their capacity as a proxy only where the form of proxy included a direction by the relevant member as to whether they was to vote in favour of, or against, that resolution.

105 A proxy appointed to attend and vote at any general meeting instead of a member shall have the same right as the member who/which appointed them to speak at the meeting and need not be a member of the society.

106 A member which is a corporate body may authorise an individual to act as its representative at any general meeting of the society, providing particulars of the individual so authorised are received by the society prior to the commencement of the relevant general meeting; the individual so authorised shall be entitled to exercise the same powers on behalf of that corporate body as that corporate body could exercise if it were an individual member.

107 A vote given, or ballot demanded, by proxy or by the duly authorised representative of a member which is a corporate body shall be valid, notwithstanding that the authority of the person voting or demanding a ballot had terminated prior to the giving of such vote or demanding of such ballot unless notice of such termination was received by the society at the society's registered office (or, where sent by electronic means, was received by the society at the address notified by the society to the members for the purpose of electronic communications) before the commencement of the general meeting at which the vote was given, or the ballot demanded.

108 The chairperson of a general meeting shall not be entitled to a casting vote if an equality of votes arises in relation to any resolution.

Written resolutions by the members

109 Except in the case of a resolution which requires to be passed at a general meeting in order to comply with the Act, a resolution in writing signed by all the members of the society shall be as valid and effective as if it had been

passed at a general meeting, duly convened and held; a resolution in writing may consist of several documents in the same form, each signed by or on behalf of one or more members.

Requirements regarding consent/notification (amendments to the rules)

110 If the society is a Scottish charity, amendments to the objects of the society (as set out in rule 2) will require the prior approval of OSCR.

111 If the society is a community body or Part 3A community body, the society shall notify the Scottish Ministers of any amendments to the rules of the society.

Categories of director

112 For the purposes of these rules:

112.1 "Community Director" means a director (drawn from the holders of the Annual Community Member Shares or Lifetime Community Member Shares) elected/appointed under rules 122 to 127;

112.2 "Contributor Director" means a director (drawn from the holders of the Contributor Shares) elected/appointed under rules 128 to 134;

112.3 "Co-opted Director" means a director appointed/re-appointed by the directors under rules 135 and 136.

Maximum/minimum number of directors

113 The maximum number of directors shall be 16; out of that number:

113.1 no more than 12 shall be Community Directors;

113.2 no more than 2 shall be Contributor Directors;

113.3 no more than 2 shall be Co-opted Directors.

114 At any given time, the number of Community Directors in office must comprise more than half of the total number of directors in office at that time.

115 The minimum number of directors shall be 6.

Eligibility

116 An individual shall not be eligible for election/appointment as a Community Director unless they are the holder of an Annual Community Member Share or Lifetime Community Member Share.

117 An individual shall not be eligible for election/appointment as a Contributor Director unless:

117.1 they are a holder of Contributor Shares; or

117.2 they have been nominated for election/appointment by a corporate body which is a holder of Contributor Shares;

and on the basis that no more than one individual nominated by a given holder of Contributor Shares can serve as a Contributor Director at any given time.

118 An individual appointed as a Co-opted Director need not, however, be a holder of an Annual Community Member Share or Lifetime Community Member Share or a holder of Contributor Shares.

119 An individual shall not be eligible for election/appointment as a director if they are:

119.1 disqualified from being a charity trustee under the 2005 Act; or

119.2 an employee of the society.

Board: period up to first AGM

120 The initial board of the society from the date of registration of the society until the first AGM shall (subject to rule 140) consist of:

120.1 individuals appointed as directors by the signatories to the application for registration;

120.2 such individuals as the board may appoint from time to time as Community Directors in pursuance of rule 123;

120.3 such individuals as the board may appoint from time to time as Contributor Directors in pursuance of rule 130; and

120.4 such individuals as the board may appoint from time to time as Co-opted Directors in pursuance of rule 135.

121 The individuals referred to in paragraph 120.1 shall be taken to be Community Directors (or, if they are not ordinarily resident in the Community, Contributor Directors) for the purposes of these rules.

Election, retiral, re-election: Community Directors

122 At each AGM, the holders of the Annual Community Member Shares or Lifetime Community Member Shares may (subject to rules 113 and 119) elect any holder of an Annual Community Member Share or Lifetime Community Member Share (providing they are willing to act) to be a director.

123 The directors may (subject to rules 113 and 119) at any time appoint any holder of an Annual Community Member Share or Lifetime Community Member Share (providing they are willing to act) to be a director.

124 At the first AGM, one third (to the nearest round number) of the Community Directors shall retire from office; the question of which of them is to retire shall be determined by some random method.

125 At each AGM (other than the first)

125.1 any Community Director appointed under rule 123 during the period since the preceding AGM shall retire from office;

125.2 out of the remaining Community Directors, one third (to the nearest round number) shall retire from office.

126 The Community Directors to retire under paragraph 125.2 shall be those who have been longest in office since they were last elected or re-elected; as between Community Directors 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.

127 A Community Director who retires from office under rule 124 or 125 shall be eligible for re-election.

Contributor Directors: election, retiral, re-election

128 At each AGM, the holders of Contributor Shares may (subject to rule 113) elect any individual who is either a holder of Contributor Shares or has been nominated by a corporate body which is a holder of Contributor Shares (unless they is debarred from serving as a director under rule 119) as a director.

129 The election of directors by the holders of Contributor Shares shall be dealt with as follows:

129.1 Not less than 12 weeks prior to each AGM, the secretary shall invite the holders of Contributor Shares to nominate individuals (who may include Contributor Directors who are due to retire at the conclusion of that AGM) for election by the holders of Contributor Shares to serve as directors with effect from that AGM; and shall post nomination forms on the society's website for that purpose.

129.2 No more than one individual may be nominated under paragraph 129.1 by a given holder of Contributor Shares.

129.3 The nomination form in relation to each individual who is being nominated for election as a director under paragraph 129.1 shall be signed by two holders of Contributor Shares (in the case of a corporate body, signed on its behalf by an appropriate officer) and also by the individual himself/herself, as vouching their consent to serve as a director.

129.4 In order to be valid, a nomination form (incorporating brief biographical details of the individual who is being proposed for election, and a statement outlining the skills which they consider that

they could bring to bear in serving on the board), must be submitted through the society's website by the date occurring 8 weeks prior to the relevant AGM.

129.5 The secretary shall, as soon as reasonably practicable after the date referred to in paragraph 129.4, post on the society's website the name of each individual who has been validly nominated by holders of Contributor Shares for election as a director under paragraph 129.4, along with (a) the biographical and other details of each of such individuals, as supplied in pursuance of paragraph 129.4 (b) instructions on how voting is to be conducted and (c) the period during which votes may validly be cast.

129.6 Each holder of Contributor Shares shall have that number of votes which equates to the number of places on the board for Contributor Directors which are to be filled through the election process, to be cast (on the basis of no more than one vote per candidate) in relation to their/its preferred candidates (out of those whose names have been posted on the society's website by the secretary under paragraph 129.5), and on the basis that voting shall be conducted either by way of postal votes or (if the directors consider appropriate) through the society's website.

129.7 The period within which votes may validly be cast shall run from the date on which the material required under paragraph 129.5 is posted on the society's website until midnight on the date (the "Voting Cut-off Date") occurring 2 weeks prior to the relevant AGM.

129.8 In the event that the aggregate number of votes recorded in relation to two or more candidates results in a tie, the question of which of the candidates is to serve as a director shall be determined by the secretary by some random method.

129.9 As soon as reasonably practicable after the Voting Cut-off Date, the secretary shall calculate the aggregate number of votes recorded against each candidate and shall determine, on the basis of the votes cast, the identities of those individuals who will serve as Contributor Directors (including those Contributor Directors who are not then retiring from office) with effect from conclusion of the AGM which follows; the secretary's determination shall accord with the provisions of this rule 129.

129.10 The secretary's determination under paragraph 129.9 shall be conclusive and binding except in the case of manifest error.

129.11 The secretary's determination under paragraph 129.9 shall be issued at the AGM; each of the individuals identified in the determination will automatically become a director (or, where a retiring director is re-elected, shall continue in office) with effect from the conclusion of the AGM.

130 The board may, at any time, appoint any individual who is either a holder of Contributor Shares or has been nominated by a corporate body which is a holder of Contributor Shares (providing, in either case, they are willing to act and are not debarred by rule 119) to be a director, either to fill a vacancy or (subject to rule 113) as an additional director.

131 At the first AGM, one third (to the nearest round number) of the Contributor Directors shall retire from office; the question of which of them are to retire shall be determined by some random method.

132 At each AGM (other than the first):

132.1 any Contributor Director who was appointed by the board (under rule 130) in the period from the date of the preceding general meeting shall retire from office; and

132.2 out of the remaining Contributor Directors, one third (to the nearest round number) shall retire from office.

133 The Contributor Directors to retire under paragraph 132.2 shall be those who have been longest in office since they were last appointed or re-appointed; as between two or more Contributor Directors who were appointed or re-appointed on the same date, the question of which of them is to retire under that paragraph shall be decided by some random method.

134 The holders of Contributor Shares may (subject to rule 113) re-elect any Contributor Director who retires from office at any AGM (providing they are willing to act); if any such Contributor Director is not re-appointed, they shall retain office until the conclusion of the AGM.

Co-opted Directors: appointment/vacating of office, re-appointment

135 In addition to their powers under rules 123 and 130, the directors may (subject to rule 113) at any time appoint any individual (providing they are willing to act and is not debarred by rule 119) to be a director either:

135.1 on the basis that they have been nominated by Donside Community Council; or

135.2 on the basis that they have specialist experience and/or skills which could be of assistance to the directors.

136 At the conclusion of each AGM, all of the Co-opted Directors shall retire from office – but shall then be eligible (subject to rule 113) for re-appointment under rule 135.

Associate Directors: appointment/vacating of office, re-appointment

137 The directors may (subject to rule 113) at any time appoint any individual (providing they are willing to act and is not debarred by rule 119) to be an director either:

137.1 on the basis that they have specialist experience and/or skills which could be of assistance to the directors.

137.2 It should be noted that Associate directors do not hold a vote.

138 At the conclusion of each AGM, all of the Associate Directors shall retire from office – but shall then be eligible (subject to rule 113) for re-appointment under rule 135.

139 Not in use

Disqualification and removal of directors

140 A director shall vacate office if:

140.1 they are disqualified from acting as a director;

140.2 they become debarred under any statutory provision from being a charity trustee (within the meaning of section 106 of the 2005 Act);

140.3 they are sequestrated;

140.4 they become incapable for medical reasons of fulfilling the duties of their office and such incapacity has continued, or is expected to continue, for a period of more than six months;

140.5 they become an employee of the society;

140.6 (in the case of a Contributor Director) they cease to hold any Contributor Shares or (in the case of a Contributor Director who was nominated for election/appointment by a corporate body which was a holder of Contributor Shares) the body which nominated them for election/appointment ceases to hold any Contributor Shares;

140.7 (in the case of a Community Director) they cease to hold an Annual Community Member Share or Lifetime Community Member Share;

140.8 they resign office by notice to the society, however they may remain a member;

140.9 they are absent (without permission of the board) from more than three consecutive meetings of the board, and the board resolves to remove them from office;

140.10 they are removed from office by resolution of the board on the grounds that they are considered to have committed a material breach of the code of conduct for directors in force from time to time, as referred to in rule 149; or

140.11 they are removed from office by a resolution of the members.

141 A resolution under paragraph 140.1 shall be valid only if: -

141.1 the director who is the subject of the resolution is given reasonable prior written notice by the board of the grounds upon which the resolution for their removal is to be proposed;

141.2 the director concerned is given the opportunity to address the board meeting at which the resolution is proposed, prior to the resolution being put to the vote; and

141.3 at least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

142 A resolution under paragraph 140.11 shall be valid only if: -

142.1 the member who/which is proposing to move the resolution gives the society at least 28 days' written notice of their/its intention to move the resolution;

142.2 the board gives the director who is the subject of the resolution at least 21 days' written notice of the intention of the relevant member to move the resolution;

142.3 the director concerned is given the opportunity to address the general meeting at which the resolution is proposed, prior to the resolution being put to the vote;

142.4 at least 75% of the votes cast in relation to the resolution are in favour of the resolution.

Appointments to offices

143 The directors shall elect from among themselves a Chair, a Vice Chair, a Treasurer, and such other office bearers (if any) as they consider appropriate.

144 All of the office bearers shall cease to hold office at the conclusion of each AGM or after a maximum term in office of 5 years, the relevant office bearer(s) will stand down. All office bearers can be eligible for re-election.

145 A person elected 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.

Directors' interests

146 Subject to the provisions of the Act and the 2005 Act and provided that they has disclosed to the board the nature and extent of any personal interest which they has (unless immaterial), and has complied with the code of conduct (as referred to in rule 149149), a director (notwithstanding their office):-

146.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the society or any associated company;

146.2 may be a party to, or have some other personal interest in, any transaction or arrangement in which the society or any associated company has an interest;

146.3 may be a director or secretary of, or have some other personal interest in, the society and/or any associated company;

146.4 may be employed by any associated company; and

146.5 shall not, because of their office, be accountable to the society for any benefit which they derive from any such office or employment or from any such transaction or arrangement or from any interest in any such company;

and no such transaction or arrangement shall be liable to be treated as void on the ground of any such interest or benefit.

147 For the purposes of the preceding rule, an interest of which a director has no knowledge and of which it is unreasonable to expect them to have knowledge shall not be treated as an interest of theirs; the references to "associated company" shall be interpreted as references to any subsidiary of the society or any other company in which the society has a direct or indirect interest.

Conduct of directors

148 Each of the directors shall, in exercising their functions as a director of the society, act in the interests of the society; and, in particular, must

148.1 seek, in good faith, to ensure that the society acts in a manner which is in accordance with its objects;

148.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;

148.3 in circumstances giving rise to the possibility of a conflict of interest of interest between the society and any other party:

148.3.1 put the interests of the society before that of the other party, in taking decisions as a director;

148.3.2 where any other duty prevents them from doing so, disclose the conflicting interest to the society and refrain from participating in any discussions or decisions involving the other directors with regard to the matter in question;

148.4 ensure that the society complies with any direction, requirement, notice or duty imposed on it by the 2005 Act.

149 Each of the directors shall comply with the code of conduct (incorporating detailed rules on conflict of interest) prescribed by the board from time to time; for the avoidance of doubt, the code of conduct shall be supplemental to the provisions relating to the conduct of directors contained in these rules,

and the relevant provisions of these rules shall be interpreted and applied in accordance with the provisions of the code of conduct in force from time to time.

Directors' remuneration and expenses

150 A director shall not be entitled to any remuneration in respect of carrying out their duties as a director or as holder of any office under rule 143.

151 The directors may be paid all travelling and other expenses properly incurred by them in connection with their attendance at meetings of the board, general meetings, meetings of committees of directors or otherwise in connection with the carrying-out of their duties.

Powers of directors

152 Subject to the provisions of the Act and these rules, the business of the society shall be managed by the board, who may exercise all the powers of the society.

153 The members of the society shall be entitled to issue a direction to the board, by way of a resolution in respect of which at least 75% of the votes cast on the resolution are in favour; the board shall be bound to comply with a direction by the members issued in accordance with the preceding provisions of this rule.

154 No alteration of the rules, and no direction issued in pursuance of rule 153, shall invalidate any prior act of the board which would have been valid if that alteration had not been made or that direction had not been given.

155 The powers conferred by rule 152 shall not be limited by any special power conferred on the board by these rules.

156 A meeting of the board at which a quorum is present may exercise all powers exercisable by the board.

Proceedings of the board

157 Subject to the provisions of these rules, the board may regulate their proceedings as they think fit.

158 Any director may call a meeting of the board or request the secretary to call a meeting of the board.

159 The board must meet not less than four times in each financial year (excluding for this purpose the financial year within which the society is formed).

160 At least five working days' notice shall be given in relation to each meeting of the board, unless the Chair (or as the case may be, the other director who is calling the meeting) is of the view (acting reasonably) that the delay associated with giving five working days' notice would be likely to cause

significant prejudice to the interests of the society, in which case they shall give such notice of the meeting as is reasonable in the circumstances.

161 Notice of every board meeting (including a short agenda in relation to the business to be conducted at the meeting) shall be issued to each director at the postal address or e-mail address which was last notified by them to the society for that purpose.

162 Only the business detailed in the agenda circulated to the directors may be considered at the meeting, subject to the qualification that any item of additional business may be considered if all of the directors present at the meeting consent to the consideration of that item of business.

163 Questions arising at a board meeting shall be decided by a majority of votes, and on the basis that every director shall [(subject to rule 168]) have one vote.

164 In the case of an equality of votes, the chairperson of a board meeting [shall (subject to rule 169)/shall not] have a casting vote (in addition to their own vote as a director).

165 A chairperson of a board meeting who is not a Community Director shall not be entitled to a casting vote.

166 The quorum for the transaction of the business of the board shall (subject to rule 167 be as follows:

166.1 if there is an even number of directors in office at the time, one half of the total number of directors in office at the time plus one; or

166.2 if there is an odd number of directors in office at the time, one half - rounded upwards - of the total number of directors in office at the time.

167 A quorum shall not be deemed to be constituted at any board meeting unless both of the following requirements are met:

167.1 at least 4 directors are present at the meeting; and

167.2 a majority of the directors present are Community Directors.

168 A director may participate in a board meeting by means of a conference telephone, video conferencing facility or similar communications equipment whereby all the directors participating in the meeting can hear each other; a director participating in a meeting in this manner shall be deemed to be present in person at the meeting.

169 If the quorum required under rules 166166 and 167 (as read with rule 170) is not present within half an hour after the time appointed for the meeting, or if during a meeting such 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.

170 The continuing directors or a sole continuing director may act notwithstanding vacancies; but if the number of remaining directors is less than the number fixed as the quorum or ceases to comply with the provisions of rule 114, they may act only for the purpose of filling vacancies or of calling a general meeting.

171 Unless they are unwilling to do so, the Chair of the society shall preside as chairperson at every meeting of directors at which they are present.

172 If the Chair of the society is unwilling to act as chairperson of a meeting of directors or is not present within 15 minutes after the time appointed for the meeting, the Vice Chair shall act as chairperson of the meeting; or, if neither the Chair nor the Vice Chair is present and willing to act as chairperson within 15 minutes after the time appointed for the meeting, the directors present at the meeting may appoint one of their number to be chairperson of the meeting.

173 The directors shall be entitled to allow any person to attend and speak (but not vote) at any meeting of the board; a person invited to attend a meeting of the directors under the preceding provisions of this rule shall not be entitled to exercise any of the powers of a director, and shall not be deemed to be a director for the purposes of the Act or any provision of these rules.

174 All acts done by a meeting of directors or by a meeting of a committee of directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified from holding office or had vacated office or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

175 A resolution in writing signed by all the directors entitled to receive notice of a meeting of the board (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; it may consist of several documents in the same form, each signed by one or more directors.

176 A director shall not vote at a meeting of directors (or at a meeting of a committee of directors) on any resolution concerning a matter in which they have, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the society.

177 For the purposes of the preceding rule:

177.1 an interest of a person who is taken to be connected with a director for the purposes of the Act shall be treated as a personal interest of the director;

177.2 a director shall be deemed to have a personal interest in relation to a particular matter if a body in relation to which they are an employee,

director, member of the management committee, officer or elected representative has an interest in that matter; and

177.3 an interest which is common to 75% or more of the members of the society shall not be deemed to be a personal interest or duty which conflicts or may conflict with the interests of the society.

178 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.

179 For the avoidance of doubt, the provisions of rule 176 shall not preclude a Contributor Director from voting on any matter which may affect their interests as a holder of Contributor Shares; but on the basis that they must, in exercising their voting rights in relation to that matter, give priority to the interests of the society.

180 The society may, by way of a resolution passed by majority vote at a general meeting, suspend or relax to any extent, either generally or in relation to any particular matter, the provisions of rules 176 to 178 if a question arises at a meeting of directors (or at a meeting of a committee of directors) as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; their ruling in relation to any director other than themselves shall be final and conclusive.

Delegation to committees of directors and holders of offices

181 The directors may delegate any of their powers to any committee consisting of two or more directors; they may also delegate to the Chair of the society or a director holding any other office such of their powers as they consider appropriate.

182 Any delegation of powers under the preceding rule may be made subject to such conditions as the directors may impose and either collaterally with or to the exclusion of their own powers and may be revoked or altered.

183 Subject to any condition imposed in pursuance of the preceding rule, the proceedings of a committee consisting of two or more directors shall be governed by the rules regulating the proceedings of meetings of directors so far as they are capable of applying.

184 In addition to their powers under rule 182, the directors may delegate their powers to any committee consisting of one or more directors and such other individuals (who need not be directors or employees of the society) as the directors may consider appropriate; the provisions of rules 183 and 184 shall apply in relation to any such committee, subject to the qualification that the role of any committee formed under the preceding provisions of this rule 185 shall be limited (except to the extent that the board otherwise determine) to the issue of reports and recommendations for consideration by the board.

Secretary

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

Minutes

186 The board shall ensure that minutes are made (in books/folders kept for the purpose) of all proceedings at general meetings, meetings of the board and meetings of committees of directors.

187 A minute of a meeting of the board or of a committee of directors shall include the names of the directors present, and the minutes of each meeting shall (unless exceptional circumstances make this impractical) be signed by the chairperson of that meeting.

188 The board shall (subject to rule 190) provide a copy of any minutes falling within the provisions of rule 187186 to any person requesting them, within a reasonable time; and in any event within 28 days after the request is made.

189 The board shall be entitled to omit from (or render illegible within) the copy minutes provided to a person in pursuance of rule 189 any material which relates to sensitive employee issues, information which under data protection legislation cannot be disclosed, or other matters which, in the reasonable opinion of the board, ought properly to remain confidential; if the board does omit any such material, it must inform the person who made the request of its reasons for doing so.

Accounts

190 No member shall (as such) have any right of inspecting any accounting records or other book or document of the society except as conferred by the Act or as authorised by the directors or by a resolution passed by majority vote at a general meeting.

Notices

191 Any notice to be given in pursuance of these rules shall be in writing.

192 The society may give any notice to a member in pursuance of these rules either personally **or** by sending it by post in a pre-paid envelope addressed to the member at the address last intimated by they to the society **or** by leaving it at that address; alternatively, in the case of a member who/which has notified the society of an electronic address to be used for this purpose, the society may give any notice to that member by electronic means.

193 A member may give any notice to the society either by sending it by post in a pre-paid envelope addressed to the society at its registered office or by leaving it, addressed to the secretary, at the society's registered office.

194 Any notice, if sent by post, shall be deemed to have been given at the expiry of twenty four 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.

195 Any notice sent by electronic means shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any notice sent by electronic means was indeed sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Institute of Chartered Secretaries and Administrators.

196 A member present at any meeting of the society shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Amendments to the rules

197 Subject to rule 199 (and, in the case of an alteration to the charitable purposes of the society, subject to the prior consent of the Office of the Scottish Charity Regulator having been obtained), these rules may be amended by way of a resolution passed by the members at a general meeting, providing at least 75% of the votes cast in relation to the resolution are in favour and that the notice convening the meeting included details of the amendments to be proposed at the meeting.

198 No amendment to the rules shall be valid until it has been registered by the Financial Conduct Authority; and, if the society is a community body or Part 3A community body, amendments to the rules must be notified to the Scottish Ministers.

199 For the avoidance of doubt, the references in rules 198 and 19899 to amendments to the rules shall include introducing any new rule or rescinding any existing rule.

Borrowings

200 The society shall have power (subject, in the case of members' loans, to rule 202) to borrow money (without any limit on the amount in each case) and shall have power to grant securities over any of its property (including the assets and undertaking of the society, present and future) in respect of sums borrowed by the society and/or the performance of any obligations of the society.

201 The society may receive loans (with or without giving security, and on such terms as the board may consider appropriate) or donations from members (without any limit on the amount in each case) to support its work, providing (in the case of a loan from a member) that the rate of interest (if any) is no higher than that applicable to Contributor Shares; the society shall not, however, accept deposits.

Auditors

202 Subject to rule 204203, the society shall appoint an auditor in respect of each financial year who is qualified under the Act to audit the society's accounts for that financial year.

203 The society shall (subject to rule 205) be exempt from the obligation to appoint a qualified auditor if it is eligible for that exemption under the Act if and to the extent that proper arrangements for the auditing or independent examination of the society's accounts are made in a manner which satisfies the requirements of the Act and (if the society is a Scottish charity at the time) the requirements of the 2005 Act.

204 The members of the society may determine, by way of a resolution passed by majority vote at a general meeting, that the society shall require to appoint a qualified auditor in respect of the accounts for any financial year, notwithstanding that the society is eligible for exemption from that obligation under the Act.

205 The appointment of auditors, the re-appointment of auditors, the removal of auditors and the appointment of auditors in place of an auditor which has been removed from office, shall be governed by the Act.

Annual return

206 Every year, and within the period prescribed by the Act, the secretary shall send to the Financial Conduct Authority the annual return for the society, in the form prescribed by the Financial Conduct Authority, relating to its affairs for the period required by the Act to be included in the return; together with:

206.1 a copy of the report of the auditor on the society's accounts for the period included in the return; or a copy of such other report (if any) as is required by the Act for such period; and

206.2 a copy of each balance sheet as at the end of that period, and of the report (if any) of the auditor or other appropriate person as required by the Act in relation to that balance sheet.

207 The society shall supply (free of charge) to any member, or to any person with an interest in the funds of the society, a copy of the latest annual return, together with a copy of the auditor's report on the accounts and balance sheet contained in the return.

Supply of copy rules

208 A copy of these rules (including all alterations which are in force) shall be given free of charge to any member upon demand; and shall be provided to any non-member provided they pays the fee applicable at the time for a copy of rules under the Act (or, if no specific fee is stated in the Act, such reasonable fee as the board may prescribe from time to time).

Application of income and property

209 Subject to rule 211:

209.1 the income and property of the society (including any surpluses) shall be applied solely towards the promotion of its charitable purposes (as set out in rule 2) and in particular (but without limiting the generality of that provision) any surplus funds or assets of the society must be applied for the benefit of the Community;

209.2 no part of the income or property of the society shall be paid or transferred (directly or indirectly) to any member of the society by way of dividend, bonus or otherwise;

209.3 no director of the society shall be appointed to any office under the society in respect of which a salary or fee is payable; and

209.4 no benefit (in money or money's worth) shall be given by the society to any director except repayment of out-of-pocket expenses.

210 The society shall, notwithstanding the provisions of rule 210, be entitled:

210.1 to pay interest on the Contributor Shares and on loans advanced to the society by any member, but (in each case) only to the extent permitted by rules 37, 38 and 202; and

210.2 to make the payments due to a holder of Contributor Shares or a holder of an Annual Community Member Share or Lifetime Community Member Share under rule 50, 53, 59, 60 and 67;

210.3 to pay reasonable remuneration to any director (subject to the restrictions imposed by the 2005 Act) in respect of any services (outwith the normal duties of a director or of the holder of any office under rule 142) provided by him/her to the society.

Investment of funds

211 The society may invest any part of its funds in the manner permitted by the Act.

Seal

212 The society shall not have a seal.

Dissolution or winding-up

213 The society may be dissolved by the consent of 75% or more of the members by their signatures to an instrument of dissolution, or by winding-up in a manner provided by the Act.

214 On the winding-up or dissolution of the society, the society shall (if and to the extent that the assets remaining after settlement of its other liabilities

enable it to do so) be liable to pay to each holder of an Annual Community Member Share the sum of £10 and Lifetime Community Member Share the sum of £200 and to each holder of a Contributor Share the sum of £25 per Contributor Share held by them.

215 If, on the winding-up or dissolution of the society, any of the society's assets (including any land acquired by the society under Part 2 or Part 3A of the Land Reform (Scotland) Act 2003 or Part 5 of the Land Reform (Scotland) Act 2016)) remain to be disposed of after its liabilities (including any liabilities arising under rule 214) are satisfied, those assets shall not be distributed among the members; instead, that property shall (subject to rules 217 and 218) be transferred to such other community body or bodies, crofting community body or bodies or Part 3A community body or bodies as may be determined by the members (and on the basis that the identity of the transferee body or bodies shall be notified to the Scottish Ministers).

216 If the members do not resolve to transfer any property of the nature referred to in rule to a community body or bodies, crofting community body or bodies or Part 3A community body or bodies, such property shall instead (subject to rule 218) be transferred to such Scottish charity or charities operating for the benefit of the Community as the members may determine.

217 If - at the time when the society is being wound up - the society is a Scottish charity:

217.1 the society must not be wound up without the prior approval of the Office of the Scottish Charity Regulator; and

217.2 no property shall be transferred under rule 216215 or 217 to any body unless it is a body entered in the Scottish charity register.

Indemnity

218 Every director or other officer of the society shall be indemnified (to the extent permitted by the Act) out of the assets of the society against any loss or liability which they may sustain or incur in connection with the execution of the duties of their office.

219 The indemnity under rule 219 may include, without prejudice to that generality (but only to the extent permitted by the Act), any liability incurred by the director or other officer:

219.1 in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted; or

219.2 in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the society.

220 For the avoidance of doubt, the society shall be entitled (subject to the provisions of section 68A of the 2005 Act) to purchase and maintain for any

director or officer insurance against any loss or liability which any director or other officer of the society may sustain or incur in connection with the execution of the duties of their office; and such insurance may (subject to the provisions of section 68A of the 2005 Act) extend to liabilities arising out of the negligence of a director.

Interpretation

221 In these rules:-

221.1 “the Act” means (subject to rule 223) the Co-operative and Community Benefit Societies Act 2014;

221.2 “the 2005 Act” means (subject to rule 223) the Charities and Trustee Investment (Scotland) Act 2005;

221.3 “board” has the meaning given to the word “committee” in the Act;

221.4 “charitable body” means a body which is either a “Scottish charity” within the meaning of section 13 of the 2005 Act or a “charity” within the meaning of section 1 of the Charities Act 2011, providing (in either case) that its objects are limited to charitable purposes;

221.5 “charitable purpose” means a charitable purpose under section 7 of the 2005 Act which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;

221.6 "community body" means a community body within the meaning of section 34 of the Land Reform (Scotland) Act 2003 (as amended by section 37 of the Community Empowerment (Scotland) Act 2015) which is also regarded as a community body for the purposes of section 49(2)(h) of the Land Reform (Scotland) Act 2016;

221.7 "crofting community body" means a crofting community body within the meaning of section 71 of the Land Reform (Scotland) Act 2003 (as amended by section 62 of the Community Empowerment (Scotland) Act 2015);

221.8 “director” means a member of the board (and shall be taken to be a member of the society’s committee for the purposes of the Act);

221.9 "Part 3A community body" means a Part 3A community body with the meaning of section 97D of the Land Reform (Scotland) Act 2003 (as inserted by section 74 of the Community Empowerment (Scotland) Act 2015);

221.10 "Part 5 community body" means a Part 5 community body within the meaning of section 49 of the Land Reform (Scotland) Act 2016;

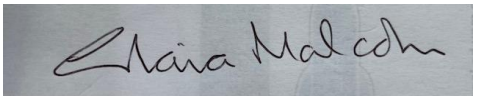
221.11 "sustainable development" means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

222 Any reference in these rules to a statutory provision shall be taken to include any statutory modification or re-enactment of that provision which is in force at the time.

223 References in these rules to the singular shall be deemed to include the plural.

Adopted at AGM on Tuesday 23rd June 2026

Approved by the Trustees/Directors on 2 July 2026 and signed on their behalf by

Gloria Malcolm, Chair 

Yvonne Buckingham, Secretary 