

**THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES**

**MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
NG 2 LIMITED**

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF NG 2 LIMITED

Defined Terms

1. In these articles, unless the context requires otherwise:-

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

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

“chair” has the meaning given in article 12;

“chair of the meeting” has the meaning given in article 33;

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

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

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

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

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

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

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

“instrument” means a document in hard copy form;

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

“paid” means paid or credited as paid;

“parent organisation” means North Glasgow Housing Association Limited, registered under the Industrial and Provident Societies Act 1965 (Registered Number 1865 R) and a recognised Scottish Charity (Charity Number SCO30635);

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

“shareholder” means a person who is the holder of a share;

“shares” means shares in the company;

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

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

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

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

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

Liability of members

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

Directors’ general authority

3. 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.

Shareholders’ reserve power

- 4.1. The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 4.2. No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

- 5.1. Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:-
 - 5.1.1. to such person or committee;
 - 5.1.2. by such means (including by power of attorney);
 - 5.1.3. to such an extent;
 - 5.1.4. in relation to such matters or territories; and
 - 5.1.5. on such terms and conditions;as they think fit.
- 5.2. If the directors so specify, any such delegation may authorise further delegation of the directors’ powers by any person to whom they are delegated.
- 5.3. The directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

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

Directors to take decisions collectively

- 7.1. The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- 7.2. If:-

- 7.2.1 the company only has one director, and
- 7.2.2 no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

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

Calling a directors' meeting

- 9.1 There shall be not less than [#] meetings of the directors per annum.
- 9.2 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 9.3 Notice of any directors' meeting must indicate:-
 - 9.3.1 its proposed date and time;
 - 9.3.2 where it is to take place; and
 - 9.3.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 9.4 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 9.5 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

- 10.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when
 - 10.1.1 the meeting has been called and takes place in accordance with the articles, and
 - 10.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 10.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for directors' meetings

- 11.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 11.2 The quorum for directors' meetings may be fixed from time to time by a decision of the parent organisation, but it must never be less than two and unless otherwise fixed it is two.
- 11.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:-
- 11.3.1 to appoint further directors, or
 - 11.3.2 to call a general meeting so as to enable the shareholders to appoint further directors.

Chairing of directors' meetings

- 12.1 The parent organisation may appoint and remove a director to chair the meetings of the directors by notice to the company.
- 12.2 The person so appointed for the time being is known as the chair.
- 12.3 If the chair is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

13. If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.

Conflicts of interest

14. A director may vote at a meeting of the directors or of a committee on a resolution which concerns or relates to a matter in which that person has, directly or indirectly, an interest but that person remains obliged in any event to declare that person's interest in accordance with sections 177 and 182 of the Companies Act 2006.

Provided that the director has made such declaration and the directors have authorised the same, a director:

- 14.1 may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise interested;
- 14.2 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise interested;
- 14.3 shall not, by reason of his/her office, be accountable to the company for any benefit which he/she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit
- 14.4 shall not be in breach of duty in respect of conflict of interest if the director receives confidential information from a third party and does not disclose this to the company or use it for the company's benefit or sanctions a conflict that might arise as a result of a director's involvement with another body in the same group as the company.

Records of decisions to be kept

- 15.1 The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

Directors' discretion to make further rules

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

Methods of appointing directors

17. Any person who is willing to act as a director, is approved by the parent organisation and is permitted by law to do so, may be appointed to be a director:-
- 17.1 by ordinary resolution, or
 - 17.2 by a decision of the directors.

Termination of director's appointment

18. A person ceases to be a director as soon as:-
- 18.1 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;
 - 18.2 a bankruptcy order is made against that person;
 - 18.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - 18.4 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
 - 18.5 by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
 - 18.6 notification is received by the company from the director that the director is resigning from office or is tendered at a meeting of the directors, and such resignation has taken effect in accordance with its terms;
 - 18.7 that person has, for more than six consecutive months been absent without permission of the other directors from meetings of the directors held during that period and the other directors resolve that that person has ceased to be a director;
 - 18.8 that person is served a written notice, signed on behalf of the parent organisation requiring that person to resign.

Directors' remuneration

- 19.1 Directors may undertake any services for the company that the parent organisation decides.
- 19.2 Directors are entitled to such remuneration as the parent organisation determines
- 19.2.1 for their services to the company as directors, and
 - 19.2.2 for any other service which they undertake for the company.
- 19.3 Subject to the articles, a director's remuneration may:-
- 19.3.1 take any form, and
 - 19.3.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- 19.4 Unless the parent organisation decides otherwise, directors' remuneration accrues from day to day.

Directors' expenses

20. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:-

- 20.1 meetings of directors or committees of directors,
- 20.2 general meetings, or
- 20.3 otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

All shares to be fully paid up

- 21.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- 21.2 This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

Powers to issue different classes of share

- 22.1 Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 22.2 The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors with the approval of the parent organisation may determine the terms, conditions and manner of redemption of any such shares.

Company not bound by less than absolute interests

- 23. Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

Share certificates

- 24.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 24.2 Every certificate must specify:-
 - 24.2.1 in respect of how many shares, of what class, it is issued;
 - 24.2.2 the nominal value of those shares;
 - 24.2.3 that the shares are fully paid; and
 - 24.2.4 any distinguishing numbers assigned to them.
- 24.3 No certificate may be issued in respect of shares of more than one class.
- 24.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 24.5 Certificates must be executed in accordance with the Companies Acts.

Replacement share certificates

- 25.1 If a certificate issued in respect of a shareholder's shares is:-
 - 25.1.1 damaged or defaced, or
 - 25.1.2 said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- 25.2 A shareholder exercising the right to be issued with such a replacement certificate:-

- 25.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;
- 25.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- 25.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

Share transfers

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

Transmission of shares

- 27.1 If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- 27.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:-
 - 27.2.1 may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - 27.2.2 subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 27.3 But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

Exercise of transmittees' rights

- 28.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- 28.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 28.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

- 29. If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

Distributions

30. The company shall not pay a dividend or other sum being a distribution payable in respect of a share.

Authority to capitalise and appropriation of capitalised sums

- 31.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:-
- 31.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
 - 31.1.2 appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.
- 31.2 Capitalised sums must be applied:-
- 31.2.1 on behalf of the persons entitled, and
 - 31.2.2 in the same proportions as a dividend would have been distributed to them.
- 31.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 31.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 31.5 Subject to the articles the directors may:-
- 31.5.1 apply capitalised sums in accordance with articles 36.5.3 and 36.5.4 partly in one way and partly in another;
 - 31.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
 - 31.5.3 authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

Quorum for general meetings

32. No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. If and so long as there is a parent organisation, its representative shall be the only person necessary to constitute a quorum at general meetings

Chairing general meetings

- 33.1 If the parent organisation has appointed a chair, the chair shall chair general meetings if present and willing to do so.
- 33.2 If the parent organisation has not appointed a chair, or if the chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:-
- 33.2.1 the directors present, or
 - 33.2.2 (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

33.3 The person chairing a meeting in accordance with this article is referred to as “the chair of the meeting”.

Attendance and speaking by directors and non-shareholders

34.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

34.2 The chair of the meeting may permit other persons who are not:-

- 34.2.1 shareholders of the company, or
- 34.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

Adjournment

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

35.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:-

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

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

35.4 When adjourning a general meeting, the chair of the meeting must:-

- 35.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
- 35.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

35.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):-

- 35.5.1 to the same persons to whom notice of the company's general meetings is required to be given, and
- 35.5.2 containing the same information which such notice is required to contain.

35.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at general meetings

36.1 If and so long as there is only one member of the company, a decision taken by the member, which may be taken in general meeting, is as effective as if agreed by the company in general meeting.

36.2 A decision taken by a sole member under article 41.1 (unless taken by way of a written resolution) shall be recorded in writing and a copy shall be provided to the company.

Means of communication to be used

- 37.1 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.
- 37.2 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.
- 37.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

No right to inspect accounts and other records

38. Except as provided by law or authorised by an ordinary resolution of the company, no person other than the parent organisation is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

Provision for employees on cessation of business

39. The directors with the approval of the parent organisation may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

Indemnity

- 40.1 Subject to article 45.2, a relevant director of the company or an associated company may be indemnified out of the company's assets against:-
- 40.1.1 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,
 - 40.1.2 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),
 - 40.1.3 any other liability incurred by that director as an officer of the company or an associated company.
- 40.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts, by any other provision of law, or in circumstances where the liability arises as a result of the director's negligence or default in connection with the performance of the director's duties.
- 40.3 In this article:-
- 40.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
 - 40.3.2 a "relevant director" means any director or former director of the company or an associated company.

Insurance

- 41.1 With the approval of the parent organisation 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.

41.2 In this article:-

41.2.1 a “relevant director” means any director or former director of the company or an associated company,

41.2.2 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

41.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.