

# THE COMPANIES ACT 2006

## COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL

### *ARTICLES of ASSOCIATION*

of

## KINGHORN COMMUNITY LAND ASSOCIATION

### CONSTITUTION OF COMPANY

- 1 The model articles of association as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this company.

### Defined terms

- 2 In these articles of association, unless the context requires otherwise:-
  - (a) "Act" means the Companies Act 2006;
  - (b) "charity" means a body which is either a "Scottish charity" within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005 or a "charity" within the meaning of section 1 of the Charities Act 2006, providing (in either case) that its objects are limited to charitable purposes;
  - (c) "charitable purpose" means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;
  - (d) "electronic form" has the meaning given in section 1168 of the Act;
  - (e) "OSCR" means the Office of the Scottish Charity Regulator;
  - (f) "property" means any property, heritable or moveable, real or personal, wherever situated; and
  - (g) "subsidiary" has the meaning given in section 1159 of the Act.
- 3 Any reference to a provision of any legislation (including any statutory instrument) shall include any statutory modification or re-enactment of that provision in force from time to time.

## OBJECTS

- 4 Kinghorn Community Land Association is a non-profit distributing company. The Company has been formed to benefit the Community of Kinghorn as defined by Kinghorn Community Council Boundary (“**the Community**”), with the Purposes listed in the sub-articles hereto (“**the Purposes**”). The Company’s main purpose is consistent with furthering the achievement of sustainable development (where sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs), namely:
- (a) to provide or advance the accessibility of recreational, facilities, and/or organising recreational activities, which will be available to members of the Community and public at large with the object of improving the conditions of life of the Community.
  - (b) advancement of citizenship or Community development, including rural or urban regeneration.
  - (c) To advance the provisions for educational opportunities in the Community relating to environment, culture, heritage and/or history
  - (d) To advance environmental protection or improvement including preservation, sustainable development and conservation of the natural environment, the maintenance, improvement or provision of environmental amenities for the Community and/or the preservation of buildings or sites of architectural, historic or other importance to the Community;
  - (e) Where it is in the community’s best interests, pursue ownership of and to manage land for the benefit of the Community, but only where this is done in furtherance of the foregoing charitable purposes’
  - (f) The advancement of health (public health)
  - (g) The relief of those in need (including those people disadvantaged due to bereavement)
  - (h)
- 5 The company’s objects are restricted to those set out in article 4 (but subject to article 6).
- 6 The company may (subject to first obtaining the consent of OSCR) add to, remove or alter the statement of the company’s objects in article 4; on any occasion when it does so, it must give notice to the registrar of companies and the amendment will not be effective until that notice is registered on the register of companies.

## POWERS

- 7 In pursuance of the objects listed in article 4 (but not otherwise), the company shall have the following powers:-
- (a) To encourage and develop a spirit of voluntary and other commitment by, or co-operation with, individuals and all other appropriate agencies who are willing to support the objects and assist the Company to achieve them.
  - (b) To provide relevant information and facilitate the exchange and sharing of resources, ideas and the planning of services to the community.
  - (c) To facilitate dialogue and co-operation amongst and between all relevant agencies.
  - (d) Subject to such consents as may be required by law, to borrow and raise money for the furtherance of the objects of the company in such manner and on such security as the Company may think fit.
  - (e) To raise funds and to invite and receive contributions from any person or persons by way of subscription, donation or otherwise; however the Company shall have the right to disclaim any gift, legacy or bequest in whole or in part in such circumstances as the Company may think fit.
  - (f) To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
  - (g) To invest any funds which are not immediately required for the company's activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments).
  - (h) To purchase, take on lease, hire, or otherwise acquire, any property or rights which are suitable for the company's activities.
  - (i) To register an interest in land and to exercise the right to buy land under Part 2 or Part 3A of the Land Reform (Scotland) Act 2003 including any statutory amendment or re-enactment thereof for the time being in force ("**the Land Reform Act**").
  - (j) To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
  - (k) Subject to Article 4, to employ such staff as are considered appropriate for the proper conduct of the company's activities, and to make reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants.
  - (l) To liaise with other appropriate bodies, local authorities, UK or Scottish government departments and agencies, and other bodies to further the company's objects.
  - (m) To effect insurance of all kinds (which may include officers' liability insurance).
  - (n) To subscribe to, become a member of, or amalgamate or co-operate with any other charitable organisation, institution, society or body not

formed or established for the purposes of distributing profit (whether incorporated or not and whether in Great Britain or Northern Ireland) whose objects are wholly or in part similar to those of the Company and which by its Constitution prohibits the distribution of its income and property amongst its members.

- (o) To establish and/or support any other charity, and to make donations for any charitable purpose falling within the company's objects.
- (p) To do all or any of the things previously authorised either alone or in conjunction with any other charitable organisation, institution, society or body with which this Company is authorised to amalgamate.
- (q) To pay all or any expenses incurred in connection with the promotion, formation and incorporation of the company
- (r) To do all such other lawful things as are necessary for the attainment of the above objects or any of them

#### **RESTRICTIONS ON USE OF THE COMPANY'S ASSETS**

- 8 (a) The income and property of the company shall be applied solely towards promoting the company's purposes and do not belong to the members. Any surplus funds or assets of the Company are to be applied for the benefit of community.
- (b) No part of the income or property of the company shall be paid or transferred (directly or indirectly) to the members of the company or to any other individual, whether by way of dividend, bonus or otherwise.
- (c) No director of the company shall be appointed as a paid employee of the company; no director shall hold any office under the company for which a salary or fee is payable.
- (d) No benefit (whether in money or in kind) shall be given by the company to any director except (i) repayment of out-of-pocket expenses or (ii) reasonable payment in return for particular services (not being of a management nature) actually rendered to the company.

#### **LIABILITY OF MEMBERS**

- 9 Each member undertakes that if the company is wound up while he/she is a member (or within one year after he/she ceases to be a member), he/she will contribute - up to a maximum of £1 - to the assets of the company, to be applied towards:
  - (a) payment of the company's debts and liabilities contracted before he/she ceases to be a member;

- (b) payment of the costs, charges and expenses of winding up; and
- (c) adjustment of the rights of the contributories among themselves.

## **MEMBERS**

10 The members of the Company shall consist of the Subscribers (being those Ordinary Members who sign the original Memorandum of Association) and such other members as are admitted to membership in terms of these Articles.

**Ordinary Members:** those individuals aged 16 and over who:

- (a) are resident in the Community; and
  - (b) are entitled to vote at a local government election in a polling district that includes the Community or part of it; and
  - (c) who support the Objects;
- 11 Only Ordinary Members have the ability to vote at meetings, or stand to be Directors, be able to submit special resolutions, be chairperson, and are to be in a majority for General Meetings, and be a majority of the Directors (which we call Elected Directors) on the board and at board meetings.
- 12 Associate Membership shall be open to individuals who do not comply with the criteria of Ordinary Membership and to those organisations that support the objects. Such Associate Members will not be eligible to vote at any General Meeting. Each organisational member may appoint one representative to act on their behalf at all General Meetings. Any change to the appointed representative will be by written notice to the Board of Directors. Junior Membership is open to persons between the ages of 12 and 15 who support the purposes of the Company. Junior Members are neither eligible to stand for election to the Board nor to vote at any General Meeting.
- 13 For the avoidance of doubt Board Membership shall be open to anyone over the age of sixteen who is not disqualified from acting as a Charity Trustee or Company Director by law.
- 14 Declaring that, if a Member ceases to comply with any of these criteria at Article 11-12 they will be obliged to inform the Company and will thereafter be reclassified in terms of either Article 11 or 12, and that if the Company becomes aware of this itself it will so reclassify the member and notify them accordingly.
- 15 Employees of the company shall not be eligible for membership; a person who becomes an employee of the company after admission to membership shall automatically cease to be a member.

## **APPLICATION FOR MEMBERSHIP**

16 Any person or organisation who wishes to become a member must complete a written or electronic application. All written applications for membership shall only be accepted on satisfying the company as to their eligibility detailed in articles 10 – 12 and compliance with the following conditions:

- a. There shall be no fewer than 20 members at any time.
  - b. There shall be more Ordinary Members than Associate Members. In the event that the number of members falls below 20 or that at least three quarters of the members of the Company do not consist of members of the Community, the Board may not conduct any business other than to ensure the admission of sufficient Ordinary Members to achieve the minimum number and/or maintain the majority.
  - c. At least three quarters of the members of the company are members of the community.
  - d. Members of the company who consist of members of the community have control of the company.
- 18 The directors shall consider each application for membership at the first directors' meeting which is held after receipt of the application; the directors shall, within a reasonable time after the meeting, notify the applicant of their decision on the application.

#### **REGISTER OF MEMBERS**

- 19 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which he/she was admitted to membership, and the date on which any person or organisation ceased to be a member. The list, for clarity, should also contain the type of membership against each member.

#### **WITHDRAWAL FROM MEMBERSHIP**

- 20 Any person or organisation who wishes to withdraw from membership shall provide the company at least seven days clear notice; on receipt of the notice by the company, he/she shall cease to be a member.

#### **EXPULSION FROM MEMBERSHIP**

- 21 Any person or organisation may be expelled from membership by special resolution (see article 30), providing the following procedures have been observed:-
- (a) at least 21 days' notice of the intention to propose the resolution must be given to the member concerned, specifying the grounds for the proposed expulsion
  - (b) the member concerned shall be entitled to be heard on the resolution at the general meeting at which the resolution is proposed.

#### **TERMINATION/TRANSFER**

- 22 Membership shall cease on death.
- 23 A member may not transfer his/her membership to any other person or organisation.

## **GENERAL MEETINGS (MEETINGS OF MEMBERS)**

- 24 All general meetings shall be called general meetings, regardless of the business to be conducted. There will be no requirement to convene annual general meetings.
- 25 The directors may convene a general meeting at any time.
- 26 The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).

## **NOTICE OF GENERAL MEETINGS**

- 27 At least 21 clear days' notice must be given of a general meeting called for the passing of a special resolution or a resolution appointing someone as a Director. All other general meetings shall be called by at least fourteen clear days' notice.
- 28 The reference to "clear days" in article 27 shall be taken to mean that, for the notice period, 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.
- 29 A notice calling a meeting shall specify the time and place of the meeting and and if it is to be held virtually or face to face (a) indicate the general nature of the business to be dealt with at the meeting and (b) if a special resolution (see article 31, or a resolution requiring special notice under the Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution.
- 30 Notice of every general meeting shall be given to all the members, Directors and the Auditors.

## **SPECIAL RESOLUTIONS AND ORDINARY RESOLUTIONS**

- 31 For the purposes of these articles, a "special resolution" means a resolution passed by 75% or more of the votes cast by Ordinary Members on the resolution at a general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 26 to 29. For the avoidance of doubt, the reference to a 75% majority relates only to the number of votes cast in favour of the resolution as compared with the number of votes cast against the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting.
- 32 At any General Meeting a resolution put to the vote of the meeting shall be voted upon by a simple majority of the Ordinary Members who are present and voting thereon, except for decisions relating to any of the following Special Resolutions,

- (a) to alter the name of the Organisation; or
- (b) to amend the Purposes; or

- (c) to amend these Articles or
- (d) to wind up of the Organisation in terms of Article **78**; or
- (e) all other Special Resolutions.

Shall require to be decided upon by not less than 75% of the Ordinary Members present and voting thereon (no account therefore being taken of members who abstain from voting or who are absent from the meeting).

The Company will notify the Scottish Ministers of any alterations to the Articles under Section 35(1) of the Land Reform Act.

- 33 For the purposes of these articles, an “ordinary resolution” means a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against), at a general meeting, providing proper notice of the meeting has been given in accordance with articles 26 to 29.

#### **PROCEDURE AT GENERAL MEETINGS**

- 34 No business shall be dealt with at any general meeting unless a quorum is present; the quorum for a general meeting shall be at least 10 Ordinary Members or 10% of Ordinary Members (each being a member or a proxy for a member).
- 35 If a quorum is not present within 30 minutes after the time at which a general meeting was due to commence - or if, during a meeting, a quorum ceases to be present - the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 36 The chair of the company shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the chair is not present and willing to act as chairperson within 15 minutes after the time at which the meeting was due to commence, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.
- 37 The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such time and place as the chairperson may determine, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.
- 38 Every Ordinary Member shall have one vote, which (whether on a show of hands or on a secret ballot).
- 39 If there are an equal number of votes for and against any resolution, the chairperson of the meeting shall be entitled to a casting vote. The chairperson shall be an Ordinary Member.
- 40 A resolution put to the vote at a general meeting shall be decided on a show of hands unless a secret ballot is demanded by the chairperson (or by at least two persons present in person at the meeting and entitled to vote); a secret



ballot may be demanded either before the show of hands takes place, or immediately after the result of the show of hands is declared.

- 41 If a secret ballot is demanded, it shall be taken at the meeting and shall be conducted in such a manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

## **DIRECTORS**

- 42 From and after the first General Meeting of the Company, the Board shall comprise the following persons (a majority of whom shall always be Elected Directors), namely:
- a. up to 9 (minimum 6) individual persons elected as Directors by the Ordinary Members in terms of **Article 11** (“the Elected Directors”), who must themselves be Ordinary Members; and
  - b. up to 3 individual persons co-opted in terms of **Article 44** (“the Co-opted Directors”), so as to ensure a spread of skills and experience within the Board;
  - c. who shall meet as often as necessary to despatch all business of the Company as specified in the Articles and particularly with reference to the restrictions in the quorum for Board meetings specified in **Article 61**.
- 43 Elected Directors are those who are elected from the Ordinary membership.
- 44 **Co-opted Directors** - An individual person can be co-opted onto the Board in order to ensure the required skills are available to the board. This individual does not need to come from Ordinary membership.
- 45 Elected Directors must be in the majority (i.e. the total number of Co-Opted Directors can't outnumber the total number of Elected Directors).

## **APPOINTMENT AND RETIREMENT OF DIRECTORS**

- 46 A person shall not be eligible for election/appointment as a director unless he/she is a member of the company.
- 47 At any general meeting, the members may (subject to article 46) elect any member (providing he/she is willing to act) to be a director.
- 48 The directors may at any time appoint any member (providing he/she is willing to act) to be a director (subject to article 46).
- 49 Each Director will be appointed to serve for five years and will be eligible for re-appointment for a further three years. This needs to also comply with paragraph 51 which ensures membership of the Board is refreshed periodically.
- 50 A Director who has served for **two terms** (i.e. eight years) will not normally be eligible for re-election until a break period of at least **two years** has been observed.
- 51 At the first meeting of the Directors in the calendar year following an initial three-year period, one third of the Directors will retire; the question of who

will step down will be decided by the Board. Subsequently, Directors will retire from office according to the conditions set out in clauses 49 & 50.

52 Directors can be co-opted from time to time to fill any vacancy arising as a result of retiral with full voting rights until the next general meeting when they will be eligible for re-election.

#### **TERMINATION OF OFFICE**

53 A director shall automatically vacate office if:-

- (a) he/she ceases to be a director through any provision of the Act or becomes prohibited by law from being a director
- (b) he/she becomes debarred under any statutory provision from being a charity trustee
- (c) he/she becomes incapable for medical reasons of fulfilling the duties of his/her office and such incapacity is expected to continue for a period of more than six months
- (d) he/she ceases to be a member of the company
- (e) he/she becomes an employee of the company
- (f) he/she resigns office by notice to the company
- (g) he/she is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove him/her from office
- (h) he/she is removed from office by ordinary resolution (special notice having been given) as in section 168 of the Act.

#### **REGISTER OF DIRECTORS**

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

#### **OFFICE BEARERS**

55 At the first meeting of the directors in any calendar year, the directors shall elect from among themselves a chair, treasurer and Company Secretary, and such other office bearers (if any) as they consider appropriate.

56 All of the office bearers shall cease to hold office at the start of the first meeting of the directors in the calendar year, but shall then be eligible for re-election.

57 A person elected to any office shall cease to hold that office if he/she ceases to be a director, or if he/she resigns from that office by written notice to that effect.

#### **POWERS OF DIRECTORS**

58 Subject to the provisions of the Act, and these articles, and subject to any directions given by special resolution, the company and its assets and

undertaking shall be managed by the directors, who may exercise all the powers of the company.

#### **PROCEDURE AT DIRECTORS' MEETINGS**

- 59 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.
- 60 Questions arising at a meeting of the directors shall be decided by a majority of votes; if an equality of votes arises, the chairperson of the meeting shall have a casting vote. The chairperson should be an ordinary member of the Company.
- 61 No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall be a minimum of 50% of all the directors. A majority of those present should be Elected Directors.
- 62 If at any time the number of directors in office falls below the number fixed as the quorum, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.
- 63 Unless he/she is unwilling to do so, the chair of the company shall preside as chairperson at every directors' meeting at which he/she is present; if the chair is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the directors present shall elect from among themselves the person who will act as chairperson of the meeting.
- 64 A director shall not vote at a directors' meeting (or at a meeting of a committee) on any resolution concerning a matter in which he/she has a personal interest which conflicts (or may conflict) with the interests of the company; he/she **must** withdraw from the meeting while an item of that nature is being dealt with.
- 65 For the purposes of article 64, a person shall be deemed to have a personal interest in a particular matter if any partner or other close relative of his/hers **or** any firm of which he/she is a partner **or** any limited company of which he/she is a substantial shareholder or director, has a personal interest in that matter.

#### **DELEGATION TO SUB-COMMITTEES**

- 66 The directors may delegate any of their powers to any sub-committee consisting of one or more directors and such other persons (if any) as the directors may determine; they may also delegate to the chair of the company (or the holder of any other post) such of their powers as they may consider appropriate.
- 67 Any delegation of powers under article 66 is subject to such conditions as the directors may impose and may be revoked or altered.

68 The rules of procedure for any sub-committee shall be as prescribed by the directors. Final decision-making shall always rest with the full Board of directors.

#### **OPERATION OF BANK ACCOUNTS**

69 Any bank account in which any part of the assets of the Company is deposited shall be operated by the Directors and shall indicate the name of the Company. All cheques and orders for the payment of money from such an account shall be signed by two signatories authorised for this purpose by the Directors in accordance with the financial regulations of the Company and the terms of any mandates with the Company's bankers.

#### **SECRETARY**

70 The directors may from time to time appoint a company secretary, and on the basis that the term of the appointment, the remuneration (if any) payable to the company secretary, and the such conditions of appointment shall be as determined by the directors; the company secretary may be a Director or an employee of the Company or any other person considered appropriate by the Directors; the company secretary may be removed by them at any time.

#### **MINUTES**

71 The Board shall cause minutes to be made of all appointments of officers made by it and of the proceedings of all General Meetings and of all Board meetings and of sub-committees, including the names of those present, and all business transacted at such meetings and any such minutes of any meeting, if purporting to be signed after approval, either by the chairman of such meeting, or by the chairman of the next succeeding meeting, shall be sufficient evidence without any further proof of the facts therein stated.

- a. Subject to **Article 71**, the company, upon request of any person for a copy of any minutes must, if the request is reasonable, give the person within 28 days of the request a copy of the requested minutes.
- b. Where such a request is received under **Article 71a** the company:
  - i. may withhold information contained in the minutes, and
  - ii. if it does so, must inform the person requesting a copy of the minutes of its reason for doing so.

#### **ACCOUNTS**

72 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements.

73 The directors shall prepare annual accounts, complying with all relevant statutory requirements; if an audit is required under any statutory provisions

or if they otherwise think fit, they shall ensure that an audit of such accounts is carried out by a qualified auditor.

- 74 No member shall (unless he/she is a director) have any right of inspecting any accounting or other records, or any document of the company, except as conferred by statute or as authorised by the directors or by ordinary resolution of the company.

## NOTICES

- 75 Any notice which requires to be given to a member under these articles shall be given either in writing or by electronic means; such a notice may be given personally to the member *or* be sent by post in a pre-paid envelope addressed to the member at the address last intimated by him/her to the company *or* (in the case of a member who has notified the company of an address to be used for the purpose of electronic communications) may be given to the member by electronic means.
- 76 Any notice, if sent by post, shall be deemed to have been given at the expiry of 48 hours after posting; for the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 77 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 Chartered Institute of Secretaries and Administrators.

## WINDING-UP

- 78 The winding-up of the Company may take place only on the decision of not less than 75% of its Ordinary Members who are present and voting at a General Meeting called specifically (but not necessarily exclusively) for the purpose.

If, on the winding-up of the Company, any property remains, after satisfaction of all its debts and liabilities, such property (including any land acquired by it in terms of the Land Reform Act) shall be given or transferred to such other:

- (a) Community body or bodies or
- (b) crofting Community body or bodies or
- (c) Part 3A Community body or bodies

as may be:

- (I) determined by not less than 75% of the Ordinary Members of the Company who are present and voting at a General Meeting called specifically (but not necessarily exclusively) for the purpose; and
- (II) approved by the Office of the Scottish Charity Regulator (and its successors);
- (III) approved thereafter by the Scottish Ministers

under declaration that, if the Company is a charity at or before the time of its winding up, then the Community body or bodies or crofting Community body or bodies or Part 3A Community body or bodies referred to above must also be a charity or charities.

Or

If no such Community body or bodies or Part 3A Community body or bodies or crofting Community body or bodies is determined by the Ordinary Members, such property shall, be transferred to the Scottish Ministers or, if it's a charitable organization, be transferred, to such charity or charities as the Scottish Ministers may direct.

## **INDEMNITY**

- 79 Every director or other officer or auditor of the company shall be indemnified (to the extent permitted by sections 232, 234, 235, 532 and 533 of the Act) out of the assets of the company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office; that may include (but only to the extent permitted by those sections of the Act), any liability incurred by him/her in defending any proceedings (whether civil or criminal) in which judgement is given in his/her favour or in which he/she is acquitted **or** any liability in connection with an application in which relief is granted to him/her by the court from liability for negligence, default or breach of trust in relation to the affairs of the company.
- 80 The Company shall be entitled to purchase and maintain for any director insurance against any loss or liability which any director or other officer of the company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).