

EFFECTIVE DATE: OCTOBER 2019

**THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
HERTS FOR LEARNING LIMITED
COMPANY NUMBER: 8419581**



INDEX TO THE ARTICLES

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms
2. Liability of shareholders

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. The Board
4. Appointment of non-executive directors by the Council
5. Appointment of non-executive directors by the Schools
6. Term of office of directors
7. Appointment of Chairman
8. Directors' remuneration
9. Directors' expenses
10. Directors general authority
11. Shareholders reserve power
12. Directors may delegate
13. Committees

DECISION-MAKING BY DIRECTORS

14. Directors to take decisions collectively
15. Unanimous decisions
16. Calling a directors' meeting
17. Participation in board meetings
18. Quorum for board meetings
19. Chairing of directors meetings
20. Casting vote
21. Conflicts of interest
22. Records of decisions to be kept
23. Directors' discretion to make further rules
24. Termination of director's appointment
25. Appointment of replacement following termination of director's appointment

PART 3

SHARES AND DISTRIBUTIONS

SHARES

26. Classes of shares
27. Nominal value of shares
28. Authority to issue shares of the company
29. Rights and restrictions applicable to Class A Shares
30. Rights and restrictions applicable to Class B, C and D Shares
31. All shares to be fully paid up
32. Share certificates
33. Custody of share certificates
34. Shareholders

DIVIDENDS AND OTHER DISTRIBUTIONS

- 35. Dividends and other distributions
- 36. Procedure for declaring dividends
- 37. Payment of dividends and other distributions
- 38. No interest on distributions
- 39. Non-cash distributions
- 40. Waiver of distributions

CAPITALISATION OF PROFITS

- 41. Authority to capitalise and appropriation of capitalised sums

BORROWING

- 42. Permission required prior to borrowing

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

- 43. Attendance and speaking at general meetings
- 44. Quorum for general meetings
- 45. Chairing general meetings
- 46. Attendance and speaking by directors and non-shareholders
- 47. Adjournment

VOTING AT GENERAL MEETINGS

- 48. Voting: general
- 49. Errors and disputes
- 50. Poll votes
- 51. Content of proxy notices
- 52. Delivery of proxy notices
- 53. Amendments to resolutions

PART 5

ADMINISTRATIVE ARRANGEMENTS

- 54. Appointment of Company Secretary
- 55. Means of communication to be used
- 56. Company seals
- 57. No right to inspect accounts and other records
- 58. Provision for employees on cessation of business

DIRECTORS' INDEMNITY AND INSURANCE

- 59. Indemnity
- 60. Insurance

TERMINATION OF MEMBERSHIP

- 61. Termination of membership by resignation
- 62. Suspension of membership

PART 6

SUPERVISING AUTHORITY

- 63. Designation of Supervising Authority
- 64. Supervising Authority's responsibilities

PART 7

SALE OF THE WHOLE OR PART OF THE COMPANY'S UNDERTAKINGS

- 65. Approval required prior to sale
- 66. Restriction as to persons to whom the company's undertakings may be sold

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

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

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

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

“board” means the board of directors of the company;

“chairman” means the person appointed as chairman of the board pursuant to article 7;

“chairman of the meeting” has the meaning given in article 45;

“Class A shares” means all ordinary shares of £25 each in the capital of the company designated as Class A shares and held by the Council;

“Class B shares” means all ordinary shares of £25 each in the capital of the company designated as Class B Shares and held by Qualifying Shareholders in respect of Qualifying Secondary Schools;

“Class C shares” means all ordinary shares of £25 each in the capital of the company designated as Class C Shares and held by Qualifying Shareholders in respect of Qualifying Primary Schools;

“Class D shares” means all ordinary shares of £25 each in the capital of the company designated as Class D Shares and held by Qualifying Shareholders in respect of Qualifying Special Schools;

“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;

“Council” means Hertfordshire County Council;

Council Director(s) means the non-executive director(s) appointed by the Council pursuant to article 4.

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

“distribution recipient” meaning a person entitled to receive company dividends;

“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;

“managing director” means the person who is employed, under a contract of service, by the company to provide overall managerial leadership to the company;

“non-executive director” means a director who is not employed under a contract of service by the company;
 “ordinary resolution” has the meaning given in section 282 of the Companies Act 2006; “paid” means paid or credited as paid;
 “participate”, in relation to a directors’ meeting, has the meaning given in article 17;
 “person” means any person, corporate and unincorporated;
 “proxy notice” has the meaning given in article 51;
 “Qualifying School” means a school in Hertfordshire other than an independent school having its own unique UKPRN reference number issued by the UK Register of Learning Providers and being a school in respect of which a relevant Qualifying Shareholder holds a relevant share as noted on the company’s Register of Member Schools acknowledging for the avoidance of doubt that a Qualifying Shareholder may hold numerous shares but that only one share is to be issued per Qualifying School at any one time and that any vote by a Qualifying Shareholder shall be cast on a “One Qualifying School One Vote” basis relevant to the class of share held;
 “Qualifying School Voting Procedure” means in further recognition of the “One Qualifying School One Vote” principle that any nomination or vote required pursuant to these articles may be sent Either by the relevant shareholder as individual votes or as a block of votes Or by the nominated Qualifying School representative in circumstances where the Qualifying Shareholder has nominated a school based individual to accept and serve notice on its behalf in respect of the relevant Qualifying School (the Register of Member Schools acknowledging such authority where appropriate);
 “Qualifying Shareholder” means any of the following;
 (a) a governing body of a maintained school or schools pursuant to the School Standards & Framework Act 1998 as defined by s19(1) Education Act 2002; or
 (b) an academy trust with whom the Secretary of State for Education has entered into academy arrangements pursuant to section 1 of the Academies Act 2010,
 in each case in so far only as such body is responsible for a Qualifying School and for the avoidance of doubt shall include the company itself;
 “Qualifying Primary School” means a primary phase Qualifying School and shall include any nursery school having its own UKPRN;
 “Qualifying Secondary School” means a secondary phase Qualifying School and shall include any Qualifying School described as a “middle school” or “all-through” i.e. 4 – 16 or 19 and any Qualifying School with an age range 16-19;
 “Qualifying Special School” means any Qualifying School described as a special school or education support centre having its own UKPRN;
 “Register of Member Schools” means the register held by the company containing the details of all Qualifying Schools in respect of which a share has been issued to a Qualifying Shareholder;
 “the regulations” means the School Companies Regulations 2002;
 “school terms days” means those business days within the school term dates published by Hertfordshire County Council;

“School Director” means a non-executive director appointed by Qualifying Schools pursuant to the procedure set out in article 5;
“Secretary” means the administrative officer appointed as the company’s secretary;
“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;
“supervising authority” means a local authority designated in accordance with the regulations to supervise the company; 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.

Any reference to a vote or action of the Qualifying Schools in these Articles shall be a reference to the relevant vote of the Qualifying Shareholder as noted above, ignoring the company where any relevant class of share is held by the company.

Liability of Shareholders

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

PART 2 **DIRECTORS** **DIRECTORS’ POWERS AND RESPONSIBILITIES**

The Board

- 3.1 The company shall have a board comprising of the managing director, and up to eight non-executive directors appointed in accordance with articles 4.1 and 5.1 (below).
- 3.2 Where eight non-executive directors have been appointed, the board may from time to time at their sole discretion appoint up to three additional non-executive directors in which case the board shall comprise of up to eleven non-executive directors and the managing director.

- 3.3 The board shall in appointing additional non-executive directors pursuant to article 3.2 shall take into consideration the skills and attributes necessary to provide additional expertise to enhance the board's effectiveness.
- 3.4 At least 40% of the directors of the company at any one time must be non-executive directors.
- 3.5 Non-executive directors may receive subject to board agreement reasonable remuneration for their duties in connection with the company as agreed annually by the board of directors.

Appointment of non-executive directors by the Council

- 4.1 The Council, as holder of Class A shares, shall be entitled to appoint up to two non-executive directors of the company.
- 4.2 Appointment of non-executive directors by the Council pursuant to this Article 4 shall be effected by an instrument in writing confirming either:
- (i) the Council's Cabinet's approval of the appointment; or
 - (ii) approval of the appointment by the Council's Director of Resources and Performance, acting under Cabinet's delegated authority.

Appointment of non-executive directors by the Schools

- 5.1 The Qualifying Schools shall be entitled to appoint non-executive directors to the board as follows:
- 5.1.1 Qualifying Secondary Schools shall be entitled to collectively appoint two non-executive directors;
 - 5.1.2 Qualifying Primary Schools shall be entitled to collectively appoint up to three non-executive directors;
 - 5.1.3 Qualifying Special Schools shall be entitled to collectively appoint one non-executive director.
- 5.2 Appointment of directors by the Qualifying Schools pursuant to this Article 5 shall be effected as follows:
- 5.2.1 The company secretary shall give each holder of Class B, C and D shares with relevant copy notices being sent to the relevant Qualifying School contact noted on the Register of Member Schools, notice, as appropriate, in writing, to nominate non-executive directors.

5.2.2 Each holder of Class B, C and D shares, shall by such notice be given the opportunity to nominate individual(s) for appointment as non-executive director(s) in relation to the class of share that it holds.

5.2.3 All nominations shall be sent to the company secretary within fifteen (15) school term days of receipt of the notice to nominate adopting the Qualifying School Voting Procedure.

5.2.4 The company secretary shall then procure that each Class B, C and D shareholder shall within fifteen (15) school term days, be sent a ballot paper with relevant copy notices being sent to the relevant Qualifying School contact noted on the Register of Member Schools with the details of all nominated candidates in relation to the class of share that it holds.

5.2.5 Each shareholder shall be entitled to one vote per share for each director position available in relation to relevant class of share it holds adopting the Qualifying School Voting Procedure.

5.2.6 All ballot papers, whether electronically or in paper copy shall be returned to the company secretary within ten (10) school term days or such other period as specified in the ballot instructions.

5.2.7 The candidate(s) with the highest number of votes in respect of the non-executive director position(s) relating to each of the B, C and D classes of share shall be appointed as non-executive directors of the company.

Term of office of Non-Executive Directors

6. The term of office for non-executive directors shall be three (3) years commencing from the date of appointment.

Appointment of the Chairman

7.1 The board shall, by majority vote at a board meeting, appoint a chairman of the board.

7.2 The chairman shall be a non-executive director.

7.3 The term of office for chairman shall be one (1) year commencing from the date of appointment.

Directors' remuneration

8.1 The board shall appoint a remuneration committee, comprising of a minimum of three non-executive directors.

8.2 The terms of service and remuneration of the managing director shall be

determined by the board upon the recommendation of the remuneration committee.

Directors' expenses

9. The company may pay any reasonable expenses, which the directors properly incur in connection with their attendance at-
- (a) board and/or committee meetings; and
 - (b) general meetings, and
 - (c) separate meetings in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Directors' general authority

10. Subject to the articles, the board is responsible for the management of the company's business, for which purpose it may exercise all the powers of the company.

Shareholders' reserve power

- 11.1 The shareholders may, by special resolution, direct the board to take, or refrain from taking, specified action.
- 11.2 No such special resolution invalidates anything which the board has done before the passing of the resolution.

Directors may delegate

- 12.1 Subject to the articles, the board may delegate any of the powers which are conferred on them under the articles:
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.
- 12.2 If the board so specifies, any such delegation may authorise further delegation of the board's powers by any person to whom they are delegated.
- 12.3 The board may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

- 13.1 Committees of the board 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.

- 13.2 The board may make rules of procedure for all or any committees, which do not prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

14. All decisions of the board must be a majority decision at a meeting or a decision taken in accordance with article 15.

Unanimous Decisions

- 15.1 A decision of the board is taken in accordance with this article when all eligible directors indicate that they share a common view on a matter.
- 15.2 Such a decision shall 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.
- 15.3 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.
- 15.4 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 board meeting

- 16.1 Any two directors or the secretary may call a board meeting by giving not less than five (5) business days' notice and the board shall meet at least three (3) times a year.
- 16.2 Notice of any board meeting must indicate:
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 16.3 Notice of a board meeting must be given to each director, in writing.

Participation in board meetings

- 17.1 Subject to the articles, directors participate in a board meeting, or part of a board meeting, when:
- (a) the meeting has been called and takes place in accordance with the articles, and

- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

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

17.3 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 board meetings

18.1 At a board meeting, unless a quorum is participating, no proposal is to be discussed or voted on, except a proposal to call another meeting.

18.2 The quorum for board meetings may be fixed from time to time by a decision of the directors, but it must never be less than four, and unless otherwise fixed it is four, including at least one Council Director and one School Director.

18.3 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 to appoint further directors.

Chairing of board meetings

19.1 The chairman shall chair all board meetings.

19.2 The directors may terminate the chairman's appointment at any time.

19.3 If the chairman is not participating in a board meeting within fifteen (15) minutes of the time at which it is due to start, the participating directors shall appoint one of their number to chair it.

Casting vote

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

20.2 This article 20 does not apply if, in accordance with the articles, the chairman or other director chairing the meeting is not entitled to vote on the relevant proposal.

Conflicts of interest

21.1 If a director has an interest (whether pecuniary or non-pecuniary) in a matter to be discussed at a board or committee meeting, the director concerned must:-

- (a) declare an interest at or before discussion begins on the matter;
 - (b) withdraw from the meeting for that item;
 - (c) not be counted in the quorum for that part of the meeting; and
 - (d) withdraw during the vote and have no vote on the matter.
- 21.2 Subject to article 21.3, if a question arises at a board or committee meeting as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question shall immediately be referred to the chairman of the meeting whose ruling in relation to any director other than the chairman is to be final and conclusive.
- 21.3 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 21.4 Notwithstanding article 21.1, the company may enter into contracts in which a director has an interest, where:
 - (a) the goods or services supplied to the company under the contract are required by the company; and
 - (b) the nature and level of consideration is no more than is reasonable in relation to the value of the goods or services.
- 21.5 For the purposes of paragraph 21.4(above), a director has an interest in a contract if the following conditions and one of the conditions in article 21.6 is met:
 - (a) the contract is for the supply of goods or services in return for a payment or other material benefit; and
 - (b) the contract is not for the supply of services within the scope of the ordinary duties of the director.
- 21.6 The conditions in this paragraph are that:-
 - (a) the director is a party to the contract;
 - (b) a firm of which the director is a partner is party to the contract; or
 - (c) a company or unincorporated association of which he is a member, is a party to the contract and where the company of which he is a member is limited by shares,
- 21.7 The shareholders acknowledge that the directors and in particular the Council Directors and the School Directors will have either a direct or an indirect interest in those matters involving all or a significant number of the Qualifying Schools and the shareholders hereby authorise such involvement notwithstanding any apparent conflict of interest.

Records of decisions to be kept

22. 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

23. 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.

Termination of Director's Appointment

24. A person shall cease to be a director of the company where:
- (a) that person ceases to be a director by virtue of any provision of the *Companies Act 2006* or is prohibited from being a director by law;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
 - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
 - (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
 - (g) that person is no longer employed by or a member of the governing body or board of directors of a shareholder school or academy where such status is a pre-requisite for appointment;
 - (h) in the case of non-executive directors appointed by the Council (the Council Directors), written notification is received by the company from the Council, of an intention to terminate that person's appointment as non-executive director, or where the term of office of the director has expired;
 - (i) in the case of non-executive directors appointed by the Qualifying Schools (the Schools Directors), written notification is received by the company from the class of shareholders which appointed the director, of an intention to terminate that person's appointment as non-executive director, or where the term of office of the director has expired;
 - (j) in the case of the managing director, upon termination of his employment with the company.

Appointment of replacement following termination of director's appointment

- 25 In the event of termination of a director's appointment, a new director shall be appointed following the same procedure which was undertaken in appointing the director whose appointment has terminated.

PART 3 SHARES AND DISTRIBUTIONS

Classes of shares

26. The company shall be authorised to issue shares of four classes designated as "A Shares," "B Shares," "C Shares," and "D Shares".

Nominal value of shares

27. The nominal value of each Class A, B, C, or D share shall be £25.

Authority to issue shares of the company

- 28.1 Subject to article 28.2, the board of directors is generally and unconditionally authorised, for the purposes of section 551 of the 2006 Act and generally, to exercise any power of the Company to offer and allot up to **150 Class A ordinary shares of £25 each to the Council**, up to **120 Class B ordinary shares of £25 each to Qualifying Shareholders in respect of each of the Qualifying Secondary Schools**, up to **450 Class C ordinary shares of £25 each to Qualifying Shareholders in respect of each of the Qualifying Primary Schools**, and up to **30 Class D ordinary shares of £25 each to Qualifying Shareholders in respect of each of the Qualifying Special Schools** subject to any terms and conditions as the directors think proper.
- 28.2 The authority granted to the board in article 28.1 shall be limited to a maximum nominal amount of **£18,750** and shall only apply insofar as the company has not waived or revoked it by ordinary resolution.
- 28.3 The company may, by ordinary resolution, increase the maximum nominal amount set out in article 28.2, and extend scope of the authority granted to the board under Article 28.1.
- 28.4 In accordance with section 567(1) of the Act Sections 561 and 562 of the Act shall not apply to an allotment of shares (as defined in section 560(1) of the Act) the company made pursuant to article 28.1.

Rights and restrictions applicable to Class A shares

29. The following rights and restrictions shall apply to the Council, as holder of Class A Shares:

Voting Rights

29.1 The holder of Class A shares shall be entitled to receive notice of and to attend all meetings of shareholders, and at all such meetings shall be entitled to one vote in respect of each share held.

Right to Dividends

29.2 The holder of Class A shares shall be entitled to receive such dividends as declared by the board to be payable out of monies properly applicable to the payment of dividends in such amount and in such form as the board may from time to time determine. All dividends which the directors may declare on Class A shares shall be paid in equal amounts per share.

Right to Elect Non-executive Directors

29.3 The holder of Class A shares shall have the right to elect non-executive directors to the board following the procedure set out in article 4 above.

Rights on Winding-up

29.4 In the event of any liquidation, dissolution or winding-up of the company, the holder of Class A shares shall be entitled to a share of the profits and assets of the company on a commensurate basis to the number of company share(s) it holds, following payment of the company's creditors.

Appointment of Company Auditor

29.5 The board shall secure the holder of Class A shares' prior written agreement prior to making a recommendation at a general meeting for the appointment of a company auditor, such agreement not to be unreasonably withheld.

Amendment of Company Articles

29.6 The Board shall secure the holder of Class A shares' prior written agreement prior to making a recommendation at a general meeting for an amendment of these Articles, such agreement not to be unreasonably withheld.

Restriction on sale of shares

29.7 The holder of Class A shares shall not be entitled to sell any shares of the company held by it, and shall transfer its shares back to the company for nil consideration upon resignation of its shareholding of the company.

Rights and restrictions applicable to Class B, C and D shares

30. The following rights and restrictions shall apply to the Qualifying Shareholders, as holders of Class, B, C and D shares respectively:

Voting Rights

- 30.1 Each holder of Class, B, C or D shares shall be entitled to receive notice of and to attend all meetings of shareholders, and at all such meetings shall be entitled to one vote in respect of each share held.

Right to Dividends

- 30.2 Each holder of Class, B, C or D shares shall be entitled to receive such dividends as declared by the board to be payable out of monies properly applicable to the payment of dividends in such amount and in such form as the board may from time to time determine. All dividends which the directors may declare on Class B, C and D shares shall be paid in equal amounts per share.

Right to Elect Non-executive Directors

- 30.3 Each holder of Class, B, C or D shares shall have the right to nominate and participate in the election of non-executive director(s) in relation to the class of share it holds in accordance with the procedure set out in article 5 above.

Rights on Winding-up

- 30.4 In the event of any liquidation, dissolution or winding-up of the company, each holder of Class, B, C or D shares shall be entitled to a share of the profits and assets of the company on a commensurate basis to the number of company share(s) it holds, following payment of the company's creditors.

Restriction on number of shares

- 30.5 No holder of Class, B, C or D shares shall hold more than one share of the company per Qualifying School.

Restriction on sale of shares

- 30.6 No holder of Class, B, C or D shares shall be entitled to sell its company shares Provided that a holder of Class B, C or D shares shall be permitted to do the following:
- (a) transfer its share in respect of a specific Qualifying School for nil consideration to another Qualifying Shareholder who has assumed responsibility for the Qualifying School, notice of which will be given to the Company Secretary within 14 days of the transfer together with

- relevant details to enable the Company Secretary to update the Register of Member Schools; and
- (b) transfer its share in respect of a specific Qualifying School for nil consideration to the company whose rights in respect of the relevant share whilst it holds such share in respect of a relevant Qualifying School will be suspended until such time as the company transfers such share to another Qualifying Shareholder who has assumed responsibility for the Qualifying School.

All shares to be fully paid up

- 31.1 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.
- 31.2 This does not apply to shares taken on the formation of the company by the subscribers to the company's articles.

Share certificates

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

Custody of share certificates

- 33.1 Share certificates will be held by the company secretary on behalf of the shareholders.

Shareholders

34. Only persons in the following categories can hold shares in the company:-
- (a) Qualifying Shareholders;
 - (b) Hertfordshire County Council.

DIVIDENDS AND OTHER DISTRIBUTIONS

35. Any surplus or profits generated by the company may be applied to further the objects of the company or distributed among the shareholders according to procedures set out in these articles.

Procedure for declaring dividends

36. (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (6) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Payment of dividends and other distributions

37. (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
- (b) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable the holder of the share.

No interest on distributions

38. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:
- (a) the terms on which the share was issued, or
 - (b) the provisions of another agreement between the holder of that share and the company.

Non-cash distributions

39. (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

Waiver of distributions

40. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect.

CAPITALISATION OF PROFITS

Authority to capitalise and appropriation of capitalised sums

41. (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:
- (a) 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
 - (b) 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.
- (2) Capitalised sums must be applied
- (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them.

(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.

(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.

(5) Subject to the articles the directors may:

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) 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

(c) 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.

BORROWING

Permission required prior to borrowing

42. The company shall not borrow funds, whether secured or unsecured, without the permission of the supervising authority.

PART 4

DECISION-MAKING BY SHAREHOLDERS ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

43. (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when:

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

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

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

Quorum for general meetings

44. (1) No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.
- (2) The quorum for general meetings shall be 20 shareholders, including the Council, as holder of Class A shares.

Chairing general meetings

45. (1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (2) If the directors have not appointed a chairman or if the chairman is *unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start*:
- (a) the directors present, or
 - (b) (if no directors are present), the meeting, must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- (3) The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

Attendance and speaking by directors and non-shareholders

46. (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The chairman of the meeting may permit other persons who are not:
- (a) shareholders of the company, or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

Adjournment

47. (1) If the persons attending a general meeting within fifteen (15) minutes 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 chairman of the meeting must adjourn it.
- (2) *The chairman of the meeting may adjourn a general meeting at which a quorum is present if:*
- (a) the meeting consents to an adjournment, or
 - (b) it appears to the chairman 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.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must:

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

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

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

(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

Voting: general

48. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

Errors and disputes

49. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

Poll votes

50. (1) A poll on a resolution may be demanded:
(a) in advance of the general meeting where it is to be put to the vote, or

(b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by:

- (a) the chairman of the meeting;
- (b) two directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

Content of proxy notices

51. (1) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:
- (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the chairman as the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

52. (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointer's behalf.

Amendments to resolutions

- 53 (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

PART 5

ADMINISTRATIVE ARRANGEMENTS

Appointment of Company Secretary

- 54.1 The board shall appoint a company secretary on such terms as the board considers appropriate

54.2 The company secretary may not be a director of the company.

Means of communication to be used

55. (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.

(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.

(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.

Company seals

56. (1) Any common seal may only be used by the authority of the directors.

(2) The directors may decide by what means and in what form any common seal is to be used.

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is—

(a) any director of the company;

(b) the company secretary (if any); or

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

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

57.2 The supervisory authority has the statutory right to inspect the company's records or documents.

Provision for employees on cessation of business

58. The directors 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.

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity

59. (1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against:
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
 - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
 - (c) any other liability incurred by that director as an officer of the company or an associated company.
- (2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.
- (3) In this article:
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
 - (b) a "relevant director" means any director or former director of the company or an associated company.

Insurance

60. (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.
- (2) In this article—
- (a) a "relevant director" means any director or former director of the company or an associated company,
 - (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
 - (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

TERMINATION OF MEMBERSHIP

Termination of membership by resignation

- 61.1 Any shareholder of the company may at its own discretion resign from its membership of the company upon giving every shareholder of the company and the company 12 weeks' notice of its resignation. Upon resignation, the resigning shareholder shall transfer its shares back to the company for nil consideration.
- 61.2. A Qualifying Shareholder will be deemed to have resigned from its membership of the company (where the Qualifying Shareholder only holds one share) or transferred the relevant class of share to the company for nil consideration in circumstances where it no longer has responsibility for the relevant Qualifying School and it has not immediately prior to such change in circumstance exercised its right to transfer the relevant share to another Qualifying Shareholder as permitted by article 30.6. Except where such Qualifying School has closed or amalgamated with another Qualifying School, the company shall have the right to transfer any relevant class of share in respect of the Qualifying School to another Qualifying Shareholder.

Suspension of membership rights

62. At the discretion of the directors and with the approval of the supervising authority, the membership rights of any Qualifying Shareholder shall be suspended in respect of any share held for a Qualifying School where either:
- (a) the delegated budget of such Qualifying School being a maintained school is suspended under section 17 of the School Standards and Framework Act 1998; or
 - (b) a warning notice has been issued by the Secretary of State for Education to the Qualifying Shareholder in respect of the Qualifying School or the academy trust as a whole; and if so requested by the directors and with the approval of the supervising authority the Qualifying Shareholder shall both:
 - (i) reduce its involvement in the management of the company in accordance with Regulation 32 of the regulations; and
 - (ii) transfer its share in respect of the Qualifying School for nil consideration to the company or such other Qualifying Shareholder as the company shall direct.

PART 6

SUPERVISING AUTHORITY

Designation of supervising authority

63. The company shall designate Hertfordshire County Council as its supervising authority in accordance with the regulations.

Supervising authority's responsibilities

64. The supervising authority has power under the regulations to:

64.1 inspect the company's accounts and records and accounts and to request the company to provide information in order to judge financial and managerial competence

64.2 issue such directions to the company as it deems necessary to facilitate compliance with the regulations.

64.3 direct a relevant Qualifying Shareholder to resign its involvement in the company where:

- (a) the relevant Qualifying School is placed into special measures by Ofsted;
- (b) Ofsted has identified that the relevant Qualifying School has serious weaknesses;
- (c) The supervising authority considers that the relevant Qualifying School is likely to become subject to Special Measures or Serious Weaknesses within the next year;
- (d) the relevant Qualifying School has a budget deficit; or
- (e) for failure to comply with a direction from the Supervising Authority

64.4 Before issuing a direction requiring a governing body to either reduce its involvement in the company or resign as a Qualifying Shareholder in the company, the supervising authority must issue a warning notice to the governing body at least 28 days before the direction stating its intention to issue a direction and its reasons for doing so. The governing body of the relevant Qualifying Shareholder, or the company, may then make representation as to why they believe this measure is inappropriate within 14 days of the warning notice being received. On receipt of a direction to reduce involvement a governing body of the relevant Qualifying Shareholder must;

- (a) give notice to the company and its members that it has been so directed;
- (b) to ensure any school employees are not directly engaged in company business including as non-executive directors with 28 days of the direction; and
- (c) cease to make payments to the company, except where these payments are for existing liabilities or for goods or services required by the relevant Qualifying School.

64.5 Within seven days of receipt of a direction to resign from the company the governing body of relevant Qualifying Shareholder must:

- (a) give 12 weeks notice of their resignation to the company;
- (b) ensure that its staff are withdrawn as soon as practicable from company business; and
- (c) cease to make payments except in settlement of liabilities or as consideration for goods or services required by the school.

PART 7

SALE OF THE WHOLE OR PART OF THE COMPANY'S UNDERTAKINGS.

Approval required prior to sale

65. The sale of the whole or part of the Company's undertakings shall require the approval of shareholders at a general meeting in which a majority of shareholders in each class of shareholders vote in favour of the sale.

Restriction on persons to whom the company's undertakings may be sold

66. Only a proposal to sell the whole or part of the company's undertakings to a person or persons set out in article 34 (above) shall be considered by shareholders.