
STATUTORY INSTRUMENTS

1986 No. 1032

The Companies (Northern Ireland) Order 1986 (revoked)

PART VI

SHARE CAPITAL, ITS INCREASE, MAINTENANCE AND REDUCTION

CHAPTER III

SHARE PREMIUMS

F1 Order repealed (prosp.) by [Companies Act 2006 \(c. 46\)](#), ss. 1284(2), 1295, 1300(2), [Sch. 16](#) and the repeal being partly in force, as to which see individual Articles (with savings (with adaptations) by Companies Act 2006 (Commencement No. 6, Saving and Commencement Nos. 3 and 5 (Amendment)) Order 2008 (S.I. 2008/674), arts. 2(3), {4}, Sch. 2) and subject to amendments (6.4.2008) by [Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), arts. 2(2), 3(1)(b)(2), [Sch. 1 paras. 135, 147, 148](#) {Sch. 2 Note 1} (with arts. 6, 11, 12) and subject to amendments (6.4.2008) by [S.R. 2008/133](#), {regs. 2, 3}

Application of share premiums

140.—(1) If a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account called “the share premium account”.

(2) The share premium account may be applied by the company in paying up unissued shares to be allotted to members as fully paid bonus shares, or in writing off—

- (a) the company's preliminary expenses; or
- (b) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company,

or in providing for the premium payable on redemption or debentures of the company.

(3) Subject to this, the provisions of this Order relating to the reduction of a company's share capital apply as if the share premium account were part of its paid-up share capital.

(4) Articles 141 and 142 give relief from the requirements of this Article, and in those Articles references to the issuing company are to the company issuing shares as mentioned in paragraph (1).

Merger relief

141.—(1) With the exception made by Article 142(8) (group reconstruction) this Article applies where the issuing company has secured at least a 90 per cent. equity holding in another company in pursuance of an arrangement providing for the allotment of equity shares in the issuing company on terms that the consideration for the shares allotted is to be provided—

- (a) by the issue or transfer to the issuing company of equity shares in the other company, or
- (b) by the cancellation of any such shares not held by the issuing company.

Status: Point in time view as at 01/01/2006.

Changes to legislation: There are currently no known outstanding effects for the The Companies (Northern Ireland) Order 1986 (revoked), CHAPTER III. (See end of Document for details)

(2) If the equity shares in the issuing company allotted in pursuance of the arrangement in consideration for the acquisition or cancellation of equity shares in the other company are issued at a premium, Article 140 does not apply to the premiums on those shares.

(3) Where the arrangement also provides for the allotment of any shares in the issuing company on terms that the consideration for those shares is to be provided by the issue or transfer to the issuing company of non-equity shares in the other company or by the cancellation of any such shares in that company not held by the issuing company, relief under paragraph (2) extends to any shares in the issuing company allotted on those terms in pursuance of the arrangement.

(4) Subject to paragraph (5), the issuing company is to be regarded for the purposes of this Article as having secured at least a 90 per cent. equity holding in another company in pursuance of such an arrangement as is mentioned in paragraph (1) if in consequence of an acquisition or cancellation of equity shares in that company (in pursuance of that arrangement) it holds equity shares in that company (whether all or any of those shares were acquired in pursuance of that arrangement or not) of an aggregate nominal value equal to 90 per cent. or more of the nominal value of that company's equity share capital^{F1} (excluding any shares in that company held as treasury shares)].

(5) Where the equity share capital of the other company is divided into different classes of shares, this Article does not apply unless the requirements of paragraph (1) are satisfied in relation to each of those classes of shares taken separately.

(6) Shares held by a company which is the issuing company's holding company or subsidiary, or a subsidiary of the issuing company's holding company, or by its or their nominees, are to be regarded for the purposes of this Article as held by the issuing company.

(7) In relation to a company and its shares and capital, the following definitions apply for the purposes of this Article—

- (a) “equity shares” means shares comprised in the company's equity share capital;
- (b) “non-equity shares” means shares (of any class) not so comprised;

and “arrangement” means any agreement, scheme or arrangement (including an arrangement sanctioned under Article 418 (company compromise with creditors and members) or^{F2} Article 96 of the Insolvency Order] (liquidator accepting shares, etc. as consideration for sale of company property)).

(8) The relief allowed by this Article does not apply if the issue of shares took place before 4th February 1981.

F1 SR 2004/275

F2 1989 NI 19

Relief in respect of group reconstructions

142.—(1) This Article applies where the issuing company—

- (a) is a wholly-owned subsidiary of another company (“the holding company”), and
- (b) allots shares to the holding company or to another wholly-owned subsidiary of the holding company in consideration for the transfer to the issuing company of assets other than cash, being assets of any company (“the transferor company”) which is a member of the group of companies which comprises the holding company and all its wholly-owned subsidiaries.

(2) Where the shares in the issuing company allotted in consideration for the transfer are issued at a premium, the issuing company is not required by Article 140 to transfer any account in excess of the minimum premium value to the share premium account.

(3) In paragraph (2), “the minimum premium value” means the amount (if any) by which the base value of the consideration for the shares allotted exceeds the aggregate nominal value of those shares.

(4) For the purposes of paragraph (3), the base value of the consideration for the shares allotted is the amount by which the base value of the assets transferred exceeds the base value of any liabilities of the transferor company assumed by the issuing company as part of the consideration for the assets transferred.

(5) For the purposes of paragraph (4)—

(a) the base value of the assets transferred is to be taken as—

(i) the cost of those assets to the transferor company, or

(ii) the amount at which those assets are stated in the transferor company's accounting records immediately before the transfer,

whichever is the less; and

(b) the base value of the liabilities assumed is to be taken as the amount at which they are stated in the transferor company's accounting records immediately before the transfer.

(6) The relief allowed by this Article does not apply (subject to paragraph (7)) if the issue of shares took place before the date of the coming into operation of this Article.

(7) To the extent that the relief allowed by this Article would have been allowed by Article 39 of the Order of 1982 as originally enacted (the text of which Article is set out in Schedule 24), the relief applies where the issue of shares took place before the date of the coming into operation of this Article, but not if it took place before 4th February 1981.

(8) Article 141 does not apply in a case falling within this Article.

Provisions supplementing Articles 141 and 142

143.—(1) An amount corresponding to one representing the premiums or part of the premiums on shares issued by a company which by virtue of Article 141 or 142 of this Order or Article 14 of the Consequential Provisions Order is not included in the company's share premium account may also be disregarded in determining the amount at which any shares or other consideration provided for the shares issued is to be included in the company's balance sheet.

(2) References in this Chapter (however expressed) to—

(a) the acquisition by a company of shares in another company; and

(b) the issue or allotment of shares to, or the transfer of shares to or by, a company,

include (respectively) the acquisition of any of those shares by, and the issue or allotment or (as the case may be) the transfer of any of those shares to or by, nominees of that company; and the references in Article 142 to the company transferring the shares is to be construed accordingly.

(3) References in this Chapter to the transfer of shares in a company include the transfer of a right to be included in the company's register of members in respect of those shares.

(4) In Articles 141, 142 and this Article “company”, except in references to the issuing company, includes any body corporate.

Provision for extending or restricting relief from Article 140

144.—(1) The Department may by regulations make such provision as appears to it to be appropriate—

(a) for relieving companies from the requirements of Article 140 in relation to premiums other than cash premiums, or

(b) for restricting or otherwise modifying any relief from those requirements provided by this Chapter.

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(2) No such regulations shall be made unless a draft of the regulations has been laid before, and approved by a resolution of, the Assembly.

Status:

Point in time view as at 01/01/2006.

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