
DRAFT STATUTORY INSTRUMENTS

2006 No.

The Water and Sewerage Services
(Northern Ireland) Order 2006

PART X

REORGANISATION OF THE INDUSTRY

Finances of the successor company

Statutory reserves

275.—(1) If the Department so directs at any time before the successor company ceases to be wholly owned by the Crown, such sum as may be specified in the direction shall be carried by the successor company to a reserve (“the statutory reserve”).

(2) The statutory reserve may only be applied by the successor company—

- (a) in paying up unissued shares of the company to be allotted to members of the company as fully paid bonus shares; or
- (b) if the Department so directs, as if it were profits available for distribution within the meaning of Article 271(1) of the Companies (Northern Ireland) Order 1986.

(3) Notwithstanding paragraph (2), the statutory reserve shall not count as an undistributable reserve of the successor company for the purposes of Article 272(3)(d) of the Companies Order; but for the purpose of determining under that Article whether the successor company may make a distribution at any time any amount for the time being standing to the credit of the statutory reserve (excluding any amount which by virtue of paragraph (2)(b) is authorised to be, but has not yet been, applied as if it were profits available for distribution) shall be treated for the purposes of Article 272(3)(c) of that Order as if it were unrealised profits of the company.