

Status: Point in time view as at 06/04/2013.

Changes to legislation: Airports Act 1986, Cross Heading: Dissolution of BAA and vesting of its property etc. in a successor company is up to date with all changes known to be in force on or before 25 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)



Airports Act 1986

1986 CHAPTER 31

PART I

TRANSFER OF UNDERTAKING OF BRITISH AIRPORTS AUTHORITY

Dissolution of BAA and vesting of its property etc. in a successor company

^{F1}2 Dissolution of BAA and vesting of its property etc. in a successor company.

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Textual Amendments

F1 Ss. 1-3 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 4

^{F1}3 Cancellation of liabilities of BAA to the Secretary of State.

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Textual Amendments

F1 Ss. 1-3 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 4

4 Initial Government holding in the successor company.

^{F2}(1)

^{F2}(2)

^{F2}(3)

^{F2}(4)

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- (5) The Secretary of State may not exercise any power conferred on him by this section, or dispose of any securities issued or of any rights to securities initially allotted to him in pursuance of this section, without the consent of the Treasury.
- (6) Any dividends or other sums received by the Treasury or the Secretary of State in right of, or on the disposal of, any securities or rights acquired by virtue of this section shall be paid into the Consolidated Fund.

Textual Amendments
F2 S. 4(1)-(4) repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 4

F3 5 Government investment in securities of the successor company.

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Textual Amendments
F3 S. 5 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 4

6 Exercise or functions through nominees.

- (1) The Treasury or, with the consent of the Treasury, the Secretary of State may, for the purposes of section 4 or 5, appoint any person to act as the nominee, or one of the nominees, of the Treasury or the Secretary of State; and—
 - (a) securities of the successor company may be issued under section 4 to any nominee of the Treasury or the Secretary of State appointed for the purposes of that section or to any person entitled to require the issue of the securities following their initial allotment to any such nominee, and
 - (b) any such nominee appointed for the purposes of section 5 may acquire securities or rights under that section,

in accordance with directions given from time to time by the Treasury or, with the consent of the Treasury, by the Secretary of State.

- (2) Any person holding any securities or rights as a nominee of the Treasury or the Secretary of State by virtue of subsection (1) shall hold and deal with them (or any of them) on such terms and in such manner as the Treasury or, with the consent of the Treasury, the Secretary of State may direct.

7 Target investment limit for Government shareholding.

- (1) As soon after the date when the successor company ceases to be wholly owned by the Crown as he considers expedient, and in any case not later than six months after that date, the Secretary of State shall by order fix a target investment limit in relation to the shares for the time being held in the successor company by virtue of any provision of this Part by the Treasury and their nominees and by the Secretary of State and his nominees (“the Government shareholding”).

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- (2) The target investment limit shall be expressed as a proportion of the voting rights which are exercisable in all circumstances at general meetings of the successor company (“the ordinary voting rights”).
- (3) The first target investment limit fixed under this section shall be equal to the proportion of the ordinary voting rights which is carried by the Government shareholding at the time when the order fixing the limit is made.
- (4) The Secretary of State may from time to time by order fix a new target investment limit in place of the one previously in force under this section; but—
 - (a) any new limit must be lower than the one it replaces; and
 - (b) an order under this section may only be revoked by an order fixing a new limit.
- (5) It shall be the duty of the Treasury and of the Secretary of State so to exercise—
 - (a) their powers under section 5 and any power to dispose of any shares held by virtue of any provision of this Part, and
 - (b) their power to give directions to their respective nominees,as to secure that the Government shareholding does not carry a proportion of the ordinary voting rights exceeding any target investment limit for the time being in force under this section.
- (6) Notwithstanding subsection (5), the Treasury or the Secretary of State may take up, or direct any of their respective nominees to take up, any rights for the time being available to them or him, or to that nominee, as an existing holder of shares or other securities of the successor company; but if, as a result, the proportion of the ordinary voting rights carried by the Government shareholding at any time exceeds the target investment limit, it shall be the duty of the Treasury or (as the case may be) the Secretary of State to comply with subsection (5) as soon after that time as is reasonably practicable.
- (7) For the purposes of this section the temporary suspension of any of the ordinary voting rights shall be disregarded.

8 Financial structure of the successor company.

- (1) If the Secretary of State so directs at any time before the successor company ceases to be wholly owned by the Crown, such sum (not exceeding the accumulated realised profits of the BAA) 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 in paying up unissued shares of the company to be allotted to members of the company as fully paid bonus shares.
- (3) Notwithstanding subsection (2), the statutory reserve shall not count as an undistributable reserve of the successor company for the purposes of [F⁴section 831(4)(d) of the Companies Act 2006] ; but, for the purpose of determining under that section 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 shall be treated for the purposes of [F⁵section 831(4)(c)] as if it were unrealised profits of the company.
- (4) For the purposes of any statutory accounts of the successor company, the value of any asset and the amount of any liability of the BAA vesting in the successor company on

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the appointed day shall be taken to be the value or (as the case may be) the amount assigned to that asset or liability for the purposes of the corresponding statement of accounts prepared by the successor company under this Act for the period from the end of that dealt with in the last annual statement of accounts published by the BAA down to the appointed day.

- (5) For the purposes of any statutory accounts of the successor company the amount to be included in respect of any item shall be determined as if anything done by the BAA (whether by way of acquiring, revaluing or disposing of any asset or incurring, revaluing or discharging any liability, or by carrying any amount to any provision or reserve, or otherwise) had been done by the successor company.

Accordingly (but without prejudice to the generality of the preceding provision) the amount to be included from time to time in any reserves of the successor company as representing its accumulated realised profits shall be determined as if any profits realised and retained by the BAA had been realised and retained by the successor company.

- (6) References in this section to the statutory accounts of the successor company are references to any accounts prepared by the successor company for the purposes of any provision of [^{F6}the Companies Act 2006] (including group accounts).

Textual Amendments

- F4** Words in s. 8(3) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 97\(2\)\(a\)\(i\)](#) (with arts. 6, 11, 12)
- F5** Words in s. 8(3) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 97\(2\)\(a\)\(ii\)](#) (with arts. 6, 11, 12)
- F6** Words in s. 8(6) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), [Sch. 1 para. 97\(2\)\(b\)](#) (with arts. 6, 11, 12)

^{F79} Temporary restrictions on successor company's borrowings etc.

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Textual Amendments

- F7** [S. 9](#) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 4](#)

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