

SCHEDULES

SCHEDULE 2

PROVISIONS RELATING TO CARRYING OUT OF APPROVED SCHEME OF REORGANISATION

PART I

TAXATION PROVISIONS

Interpretation

- 30 (1) In this Part of this Schedule, references to relevant successor, in relation to a milk marketing board, are to a body—
- (a) to which property, rights or liabilities of the board are transferred under section 11 above, and
 - (b) which is a qualifying body in relation to the transfer.
- (2) In this Part of this Schedule, references to relevant successor, in relation to a subsidiary of a milk marketing board, are to a body—
- (a) to which property, rights or liabilities of the subsidiary are transferred under section 11 above, and
 - (b) which, by virtue of paragraph 31(1)(a), (c), (d) or (e) below, is a qualifying body in relation to the transfer.
- 31 (1) For the purposes of this Part of this Schedule, a body is a qualifying body, in relation to a transfer under an approved scheme, if it is—
- (a) a development council established under the Industrial Organisation and Development Act 1947,
 - (b) a company registered under the Companies Act 1985 which was, immediately before the day on which this Act is passed, a 100 per cent. subsidiary of the board to which the scheme relates,
 - (c) a company registered under the Companies Act 1985 in relation to which either or both of the first and second conditions are met and in relation to which the third condition is met,
 - (d) a society registered under the Industrial and Provident Societies Act 1965 in relation to which either or both of the fourth and fifth conditions are met, or
 - (e) a company registered under the Companies Act 1985 in relation to which the sixth condition is met.
- (2) The first condition is that—
- (a) the scheme makes provision for the issue or transfer of shares in the company to members of the relevant class without any consideration, or with only a nominal consideration, being provided by the members acquiring them, and
 - (b) the members of that class who fall within the provision represent at least 90 per cent. of the total number of members of that class.

Status: This is the original version (as it was originally enacted).

- (3) The second condition is that—
- (a) the company is one of a number of companies registered under the Companies Act 1985 in relation to each of which the scheme provides as mentioned in sub-paragraph (2)(a) above, and
 - (b) the members of the relevant class who fall within the provision relating to the company, when taken together with the members of that class who fall within the provision, or provisions, relating to the other company, or companies, represent at least 90 per cent. of the total number of members of that class.
- (4) The third condition is that, immediately after the transfer, at least 90 per cent. of the ordinary share capital of the company consists of shares which—
- (a) are owned directly or indirectly by the board to which the scheme relates,
 - (b) have been issued or transferred under the scheme to members of the relevant class without any consideration, or with only a nominal consideration, being provided by the members acquiring them,
 - (c) have been issued or transferred under the scheme to persons who are, or have been, registered producers in settlement of claims against the board to which the scheme relates, being claims arising out of the supply or production of milk,
 - (d) have been issued or transferred under the scheme to trustees on terms which provide for their transfer to members of the relevant class, or
 - (e) are held by persons to whom they have been issued or transferred under the scheme in connection with securing the quotation of the company on the Stock Exchange.
- (5) The fourth condition is that—
- (a) the scheme provides for membership of the society to be open to members of the relevant class, and
 - (b) the members of that class who fall within the provision represent at least 90 per cent. of the total number of members of that class who are engaged in milk production on the day of the transfer.
- (6) The fifth condition is that—
- (a) the society is one of a number of societies registered under the Industrial and Provident Societies Act 1965 in relation to each of which the scheme provides as mentioned in sub-paragraph (5)(a) above, and
 - (b) the members of the relevant class who fall within the provision relating to the society, when taken together with the members of that class who fall within the provision, or provisions, relating to the other society, or societies, represent at least 90 per cent. of the total number of members of that class who are engaged in milk production on the day of the transfer.
- (7) The sixth condition is that the company is a 100 per cent. subsidiary of a company falling within paragraph (c) of sub-paragraph (1) above or of a society falling within paragraph (d) of that sub-paragraph.
- (8) For the purposes of this paragraph, a body corporate shall be deemed to be a 100 per cent. subsidiary of another body corporate if and so long as the whole of its ordinary share capital is owned directly or indirectly by that other body corporate.
- (9) In determining for the purposes of this paragraph whether under an approved scheme shares are issued or transferred without any consideration, or with only a

nominal consideration, being provided by the persons acquiring them, there shall be disregarded any depreciatory effect of transfers under the scheme on the value of a right to participate in the winding up of the board to which the scheme relates.

- (10) For the purposes of this paragraph, the relevant class, in relation to an approved scheme, consists of those to whom property or rights are to be distributed under the scheme by virtue of their being, or having been, registered producers.
- (11) Subsections (4) to (10) of section 838 of the Income and Corporation Taxes Act 1988 (rules for determining amount of share capital owned) shall apply for the purposes of this paragraph as they apply for the purposes of that section.
- (12) In this paragraph—
- (a) “ordinary share capital” has the same meaning as in the Income and Corporation Taxes Act 1988,
 - (b) “owned directly or indirectly”, in relation to a body corporate, means owned directly or through another body corporate or other bodies corporate or partly directly and partly through another body corporate or other bodies corporate, and
 - (c) references to ownership shall be construed as references to beneficial ownership.