



Statutory Water Companies Act 1991

1991 CHAPTER 58

PART I

POWERS OF STATUTORY WATER COMPANIES

Relaxation of restrictions affecting raising of capital

4 Relaxation of limits on capital, borrowing and dividends

- (1) Subject to the following provisions of this section and to section 5 below, so much of any provision contained in any local statutory provision, or having effect by virtue of anything done under any relevant provision, as—
 - (a) imposes any limit to which this section applies in relation to any statutory water company; or
 - (b) otherwise relates to any such limit,shall have effect subject to such modifications as may be approved by special resolution of the company.
- (2) This section applies, in relation to a statutory water company, to the following limits (whether they are expressed by reference to a specified sum or percentage or by reference to the respective proportions of, or of different descriptions of, capital raised and sums borrowed or to any other matter), that is to say—
 - (a) a limit on the amount of capital, or of capital of a particular description, that may be raised by the company;
 - (b) a limit on the amount that may be borrowed, or borrowed in a particular way or in particular circumstances, by the company; and
 - (c) a limit on the dividends payable on shares or stock in the company, or on shares or stock of a particular description.
- (3) Where there is a division of the shares or stock of a statutory water company into different classes, no modification of a limit falling within subsection (2)(c) above shall have effect by virtue of this section unless a consent to or approval of the modification

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

has been given under subsection (4) below in respect of each class the rights attached to which are varied in consequence of the modification.

- (4) A consent or approval is given for the purposes of subsection (3) above in respect of a class of shares or stock if—
- (a) consent in writing to the modification has been given by not less than three-quarters, in nominal value, of the members of the company holding shares or stock of that class; or
 - (b) a resolution approving the modification is passed by not less than three-quarters, in nominal value, of the members of the company holding shares or stock of that class who are present (whether in person or by proxy) at a meeting of which not less than twenty-one days' notice, specifying the intention to propose the resolution, has been duly given.
- (5) For the purpose of determining whether the requirements of subsection (3) above are satisfied in relation to any two or more classes of shares or stock in a statutory water company, it shall be immaterial that consents and approvals have been given in respect of different classes in accordance with different paragraphs of subsection (4) above.
- (6) Provision having effect by virtue of a resolution passed in accordance with this section may be modified by a subsequent such resolution.
- (7) The modifications that may be made by virtue of this section do not include, in the case of a limit falling within subsection (2)(a) above, any modification having the effect of reducing the authorised share capital, or the authorised capital stock, of the statutory water company in question.
- (8) In this section—

“relevant provision” means section 3(1) above, section 41(5) of the Water Act 1945, the provisions of the Statutory Companies (Redeemable Stock) Act 1915 or any local statutory provision;

“special resolution”, in relation to a statutory water company, means a resolution passed by a majority of not less than three-quarters of such of the members of the company as (being entitled to do so) vote (whether in person or by proxy) at a meeting of the company of which not less than twenty-one days' notice, specifying the intention to propose the resolution, has been duly given;

and in computing any majority for the purposes of the definition of “special resolution” the regulations contained in any local statutory provision as to the number of votes to which each member is entitled shall apply.

5 Appeals to the court in respect of applications under section 4

- (1) Where subsection (3) of section 4 above applies in relation to a modification specified in a resolution passed for the purposes of that section, the holders of not less, in the aggregate, than fifteen per cent., in nominal value, of the issued shares or stock of any class of shares or stock of the company (being persons who have not for the purposes of that section consented to the modification or voted in favour of any resolution for the modification) may apply to the High Court to have the modification cancelled.
- (2) An application to the High Court under this section—
- (a) may be made on behalf of the shareholders or stockholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose; but

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (b) shall not be made in relation to any modification more than twenty-one days after the date of the giving of the last consent or approval to the modification to be given for the purposes of section 4(1) or (3) above.
- (3) Where an application is made under this section—
- (a) the modification to which it relates shall have no effect unless and until it is confirmed by the High Court; and
 - (b) the High Court, after hearing the applicant and any other persons who apply to that Court to be heard and appear to that Court to be interested in the application—
 - (i) if satisfied, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders or stockholders of the class represented by the applicant, may disallow the modification; and
 - (ii) if not so satisfied, shall confirm it.
- (4) The decision of the High Court on an application under this section shall be final.

6 Relaxation of restrictions on payment of interest

Nothing in so much of any local statutory provision as imposes a requirement—

- (a) as to the rate of interest at which sums may be borrowed by a statutory water company; or
 - (b) as to the rate at which interest on sums so borrowed is to be paid,
- shall apply in relation to any borrowing by a statutory water company after 31st August 1989.

7 Relaxation of restrictions on applications of profits

- (1) Notwithstanding the provisions of any local statutory provision, every statutory water company shall have power to form and maintain reserve and contingency funds by setting apart such sums in such circumstances, and to invest those funds in such manner, as it thinks fit.
- (2) Nothing in subsection (1) above shall authorise any failure by a statutory water company to meet any obligation imposed on it by virtue of any local statutory provision to pay any sum to any other person.
- (3) Nothing in any local statutory provision shall have effect so as to impose a limit on the amount that may be carried forward at the end of any period to the credit of the profit and loss (net revenue) account of a statutory water company.

8 Relaxation of restrictions on mode of sale of shares or stock

Nothing in any local statutory provision shall have effect—

- (a) so as to require any shares or stock in a statutory water company to be offered for sale to the public; or
- (b) so as to require any offer for the sale of any such shares or stock to be an offer for sale by auction or tender.