



# Railways Act 1921

## 1921 CHAPTER 55

### PART I

#### REORGANISATION OF RAILWAY SYSTEM.

#### **1 Grouping of railways.**

- (1) With a view to the reorganisation and more efficient and economical working of the railway system of Great Britain railways shall be formed into groups in accordance with the provisions of this Act, and the principal railway companies in each group shall be amalgamated, and other companies absorbed in manner provided by this Act.
- (2) The groups to be formed shall be those specified in the first column of the First Schedule to this Act, and as respects the several groups the railway companies to be amalgamated (in this Act referred to as "constituent companies") shall be those set out in relation to each group in the second column of that schedule, and the companies to be absorbed (in this Act referred to as "subsidiary companies") shall be those set out in relation to each group in the third column of that schedule, and the companies constituted by such amalgamation are in this Act referred to as amalgamated companies :

#### **2 Preparation and settlement of amalgamation schemes.**

- (1) The constituent companies in any group may on or before the first day of January, nineteen hundred and twenty-three, submit to the Minister of Transport (hereinafter referred to as "the Minister") an amalgamation scheme framed in accordance with the provisions of this Act which has been agreed to by all those companies.
- (2) The Minister shall refer to the amalgamation tribunal hereinafter constituted any scheme so submitted to him, and the tribunal, unless it appears to them that the scheme does not conform with the requirements of this Act or that the provisions of this Act relating to the procedure preliminary to the submission of an agreed scheme have not been complied with, shall confirm the scheme.

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- (3) If the constituent companies in any group fail to submit an agreed amalgamation scheme framed in accordance with the provisions of this Act on or before the said date, a scheme for the amalgamation of the constituent companies in that group shall be prepared and settled in accordance with this Act by the amalgamation tribunal.

### **3 Provisions to be contained in amalgamation schemes.**

- (1) An amalgamation scheme under this Act—
- (a) shall provide for the incorporation of the amalgamated company under an appropriate name, with power to hold land for the purposes of the company, and make such provisions as appear necessary or expedient with regard to the share and loan capital of the amalgamated company and the vesting of the property, rights, powers, duties, and liabilities, whether statutory or otherwise, of the constituent companies ; and
  - (b) shall provide generally as to the terms and conditions of amalgamation and for the winding-up of the constituent companies, including the allocation to holders of securities of the constituent companies in substitution therefor and in satisfaction of all claims arising thereunder, of such securities of the amalgamated company, and of such amounts, as may be specified in the scheme; and
  - (c) shall incorporate Part V. of the Railways Clauses Act, 1863, subject to the provisions of this Act; and may incorporate with or without modification any of the provisions of the Companies Clauses Consolidation Act, 1845, and the Acts amending that Act, and such modifications may provide that any committees appointed under section ninety-five of the Companies Clauses Consolidation Act, 1845, may comprise persons who, though not directors of the company, are proprietors and possess such other qualifications (if any) as may be provided by the scheme; and
  - (d) shall give effect to the provisions contained in the Second Schedule to this Act with respect to the direction of the amalgamated company, and may, with the consent of the proprietors, provide for the payment of compensation out of the assets of a constituent company to the directors of the company who suffer loss by abolition of office; and
  - (e) shall contain such provisions with respect to the management of any superannuation, pension, provident, widows' and orphans' and other benefit fund or funds established by any constituent company as may be necessary in consequence of amalgamation, so, however, as to preserve in all other respects the management of such funds unaltered until other provision is made by Parliament; and
  - (f) shall incorporate the provisions contained in the Third Schedule to this Act with respect to existing officers and servants ; and
  - (g) may make such incidental and supplemental provisions as appear necessary or expedient in order to give full effect to the provisions of the scheme and the purposes of this Act:

Provided that the scheme may provide for the postponement for a period not exceeding five years, or, if for special reasons the amalgamation tribunal think fit, ten years, of the winding up of a constituent company with or without any change in the name of the company in order to enable such company to continue to exist for the purpose of receiving and holding any securities of the amalgamated company for the benefit of any class or classes of the holders of any loan or share capital of the constituent

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company or of any company the interest or dividends of which are guaranteed by or secured on the revenues of the constituent company, according to their respective rights and interests in pursuance of and in accordance with any arrangement which may be approved by the amalgamation tribunal and included in the scheme, and during such postponement of winding up a constituent company shall cease to be a railway company within the meaning of section two hundred and sixty-seven of the Companies (Consolidation) Act, 1908, but any securities of the constituent company, which are at the date of amalgamation securities in which trustees are by law entitled to invest trust funds, shall continue to be such securities.

- (2) With respect to the Western group the following provision shall have effect:—
- (a) The amalgamation scheme shall provide for constituting the Great Western Railway Company the amalgamated company, and for amalgamating therewith the other constituent companies in the group;
  - (b) For the purposes aforesaid, the scheme may provide for increasing all or any of the existing classes of loan and share capital of the Great Western Railway Company, or creating new classes of loan or share capital of that company, with such rights, priorities, and conditions as may be specified in the scheme, and for allocating to the holders of the loan and share capital of the other constituent companies additional and new capital of the Great Western Railway Company so created to such amounts and in such manner as may be provided by the scheme;
  - (c) Notwithstanding anything in any special Act affecting the Great Western Railway Company, or the holders of any class of loan or share capital in that company, the additional capital of each class shall form part of, and rank *pari passu* with, the existing capital of that class, and any new class of capital may, with the consent of the majority in value of the holders of any class of security affected, rank before any existing class of capital;
  - (d) Paragraph (a) of the foregoing subsection, so far as it relates to the incorporation of the amalgamated company, shall not apply, and paragraph (b) thereof, so far as it relates to the winding up of the constituent companies, shall not apply, to the Great Western Railway Company.

#### **4 Preparation and approval of absorption schemes.**

- (1) The constituent companies in any group may, on or before the first day of January, nineteen hundred and twenty-three, submit to the Minister a scheme or schemes framed in accordance with the provisions of this Act for the absorption by the amalgamated company to be formed by the amalgamation of those constituent companies of the subsidiary companies which, under this Act, are to be absorbed by that amalgamated company, or any of those subsidiary companies, on terms agreed to by the subsidiary companies to which the scheme or schemes may relate.
- (2) The Minister shall refer to the amalgamation tribunal any scheme so submitted to him, and the tribunal, unless it appears to them that the scheme does not conform with the requirements of this Act, or that the provisions of this Act relating to the procedure preliminary to the submission of an agreed scheme have not been complied with, shall confirm the scheme.
- (3) If the constituent companies in any group fail on or before the said date to submit one or more agreed schemes framed in accordance with the provisions of this Act for the absorption of all the subsidiary companies which are to be absorbed by

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the amalgamated company to be formed by the amalgamation of those constituent companies, a scheme for the absorption of any subsidiary company with respect to which an agreed absorption scheme framed in accordance with the provisions of this Act has not been made shall be prepared and settled in accordance with this Act by the amalgamation tribunal.

## **5 Provisions to be contained in absorption schemes.**

An absorption scheme under this Act—

- (a) shall provide in such manner as appears necessary or expedient for the transfer to the amalgamated company of all the property, rights, powers, duties, and liabilities, whether statutory or otherwise, of any subsidiary company to which the scheme relates; and
- (b) shall provide for the consideration to be given to the subsidiary company or companies, and generally as to the terms and conditions of the transfer, and may provide for the consideration consisting in whole or in part of securities of the amalgamated company; and
- (c) shall provide for the winding up of the subsidiary company or companies, and may provide on any such winding up for the holder of any securities of the subsidiary company receiving in substitution therefor and in satisfaction of all claims arising thereunder such securities of the amalgamated company forming part of the consideration for the transfer of the undertaking, and of such amounts, as may be specified in the scheme, and may, with the consent of the proprietors, provide for the payment of compensation out of the assets of a subsidiary company to the directors of the company who suffer loss by abolition of office; and
- (d) shall incorporate the provisions of Part V. of the Railways Clauses Act, 1863, subject to the provisions of this Act; and
- (e) shall contain such provisions with respect to the management of any superannuation, pension, provident, widows' and orphans' and other benefit fund or funds established by any subsidiary -company as may be necessary in consequence of absorption, so, however, as to preserve in all other respects the management of such funds unaltered until other provision is made by Parliament; and
- (f) shall incorporate the provisions contained in the Third Schedule to this Act with respect to existing officers and servants; and
- (g) may make such incidental and supplemental provisions as appear necessary or expedient in order to give full effect to the provisions of the scheme and the purposes of this Act.

## **6 Provisions as to determination of terms and conditions of amalgamation or transfer.**

For the purpose of determining the terms and conditions of amalgamation between any constituent companies or of the transfer of the undertaking of any subsidiary company, the amalgamation tribunal shall take into consideration all the circumstances of the case, and in particular the value on a net revenue earning basis of each of the constituent and subsidiary companies as a separate company, and its value as a component part of the amalgamated company: so, however, that regard shall not be had to economies or accretions of traffic or other circumstances tending to enhance its

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value as such component part attributable solely to the provisions of this Act relating to amalgamation and absorption :

Provided that, in the case of the line of one company being worked by another company under an arrangement whereby a percentage of the gross receipts of the line so worked is payable to the owning company, the amalgamation tribunal in determining the terms and conditions of transfer shall not take into account any higher charging powers than those authorised in respect of the line under the statutory provisions in force in the year nineteen hundred and thirteen.

## **7 Supplementary provisions as to schemes.**

- (1) Every amalgamation scheme and every absorption scheme shall be so framed as to come into operation on the first day of July, nineteen hundred and twenty-three, or such earlier or later date, as the amalgamation tribunal, after consultation with the Minister, may fix:

Provided that each amalgamation scheme shall be deemed to come into operation immediately before the absorption scheme or schemes by which subsidiary companies are absorbed by the amalgamated company formed by the amalgamation scheme.

- (2) Before an agreed amalgamation or absorption scheme is referred to the amalgamation tribunal, the scheme shall be submitted to the proprietors and debenture stock-holders of each constituent and subsidiary company affected thereby in the manner provided in order sixty-two of the standing orders relative to private business in the House of Commons, and that order shall apply accordingly as if the scheme were a Bill, and any statement required by the order to be deposited at the Private Bill Office shall be deposited with the amalgamation tribunal.
- (3) A scheme under this Part of this Act shall, when confirmed or settled by the amalgamation tribunal, be binding on all persons and have effect as if enacted in this Act, and where any such scheme provides for the substitution of any securities of an amalgamated company for securities of a constituent or subsidiary company any trustee or other person acting in a fiduciary capacity who at the date of the amalgamation or absorption held and was entitled to hold any securities of the constituent or subsidiary company shall be entitled to hold the securities of the amalgamated company which may be substituted therefor.
- (4) No stamp duty shall be payable in respect of any amalgamation or absorption scheme.
- (5) Printed copies of every proposed amalgamation scheme and absorption scheme submitted to the Minister or prepared by the amalgamation tribunal in accordance with the provisions of sections two and four of this Act, respectively, shall be placed on sale at such places and at such price as the Minister may direct, and notice that such copies are on sale and the places where they may be obtained shall be published in the London and Edinburgh Gazettes, and no such scheme shall be confirmed or settled by the amalgamation tribunal until the expiration of twenty-one days after the publication of such notice.
- (6) Every amalgamation and absorption scheme shall be deemed to be statutory rules within the meaning of the Rules Publication Act, 1893; but nothing in this provision shall be construed as making any such scheme statutory rules to which section one of that Act applies.

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- (7) If as respects any group the amalgamation tribunal postpones the date on which the amalgamation and absorption schemes relating to the group are to come into operation to a date later than the said first day of July, then, during the period of postponement, the undertakings of all the constituent and subsidiary companies in the group may, and shall if the amalgamation tribunal so direct, be used, worked, managed, maintained and repaired as one joint undertaking, and the net receipts of the joint undertaking shall be distributed amongst the constituent and subsidiary companies upon such terms and subject to such conditions and in such proportions as may be agreed upon by the several companies with the approval of the amalgamation tribunal or in default of agreement as may be determined by the amalgamation tribunal, and the following provisions of this Act relating to amalgamated companies shall apply as if such joint undertaking were the undertaking of an amalgamated company and as if the governing body of the joint undertaking were an amalgamated company.

## **8 Preliminary scheme.**

- (1) Any two or more constituent companies in any group may, at any time after the passing of this Act, submit to the Minister for reference to the amalgamation tribunal a preliminary scheme for the amalgamation of those companies, or for the absorption by one of such companies of the other or others of them.
- (2) A constituent company may, at any time after the passing of this Act, submit to the Minister for reference to the amalgamation tribunal a preliminary scheme for the absorption by that constituent company of any subsidiary company or companies in the same group upon such terms as may be agreed between those companies.
- (3) The amalgamation tribunal shall approve any such preliminary scheme so referred to them unless it appears to them that the provisions of this Act relating to the procedure preliminary to the submission of a scheme have not been complied with, or unless, after hearing such of the other constituent companies in the group as desire to be heard, the tribunal consider the scheme to be inconsistent with or prejudicial to an amalgamation scheme for the whole group made in accordance with the provisions of this Act.
- (4) Every such preliminary scheme shall, subject to such provisions in that behalf as may be contained therein, come into operation forthwith after it is approved.
- (5) Subject to the provisions of this section, all the provisions of this Part of this Act relating to amalgamation and- absorption schemes shall, with the necessary adaptations, apply respectively to preliminary amalgamation and absorption schemes except that a preliminary amalgamation scheme shall, instead of giving effect to the provisions contained in the Second Schedule to this Act with respect to the direction of the company, make such alternative provision in that respect as may be agreed between the companies to be amalgamated.
- (6) In the confirmation or preparation and settlement of the amalgamation scheme for the group the amalgamation tribunal shall give effect to any preliminary scheme approved by them, but so that the interests of the other constituent companies in the group shall not be prejudiced thereby.
- (7) Any company formed by a preliminary amalgamation scheme shall be deemed to be a constituent company for the purposes of this Act in lieu of the companies amalgamated by the scheme, and shall not be deemed to be an amalgamated company within the meaning of this Act.

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## **9 Constitution and procedure of amalgamation tribunal.**

- (1) For the purposes of dealing, in accordance with the foregoing provisions of this Part of this Act, with schemes of amalgamation and schemes of absorption, there shall be constituted a tribunal, to be called the Railways Amalgamation Tribunal (in this Act referred to as "the amalgamation tribunal") consisting of three commissioners, who shall hold office until all matters with respect to which they have jurisdiction under this Part of this Act have been settled.
- (2) The first commissioners shall be Sir Henry Babington Smith, G.B.E. (who shall be president), Sir William Plender, G.B.E., and George John Talbot, Esquire, K.C., and in the event of any vacancy occurring amongst the commissioners for the time being by death, resignation, or otherwise, before the expiration of the term of office of the commissioners, His Majesty may appoint a person to fill the vacancy.
- (3) The amalgamation tribunal shall be a court of record, and have an official seal, which shall be officially and judicially noticed, and may act notwithstanding any vacancy in their number, and two shall be a quorum.
- (4) Any commissioner and any person authorised by the amalgamation tribunal may hold such local or other inquiries as appear necessary to the amalgamation tribunal for the purpose of the proper execution of their duties under this Act, and before any such inquiry is held the amalgamation tribunal shall give such public notice as they think best adapted for informing persons affected of the date when and the place where the inquiry will be held.
- (5) The provisions of the Arbitration Act, 1889, with respect to—
  - (a) the administration of oaths and the taking of affirmations; and
  - (b) the correction in awards of mistakes and errors; and
  - (c) the summoning, attendance, and examination of witnesses and the production of documents; and
  - (d) the costs of the reference and award;shall apply in respect of any proceedings before the amalgamation tribunal, and (except with regard to the correction of mistakes and errors in awards) at any inquiry under this section; but, save as aforesaid, the Arbitration Act, 1889, shall not apply to proceedings before the amalgamation tribunal or at any inquiry under this section.
- (6) The amalgamation tribunal or person holding an inquiry under this section shall take into consideration all objections to an amalgamation or absorption scheme, or in respect of the subject matter of the inquiry, which may have been lodged by any class or body of persons within the prescribed time and in the prescribed manner and, where any objections have been so lodged, shall hear any objectors whom the tribunal consider entitled to appear.
- (7) The amalgamation tribunal may, and if so ordered by the Court of Appeal or Court of Session shall, state in the form of a special case for determination by the Court of Appeal or Court of Session as the case may require, any question of law which may arise before them, and the decision of the Court of Appeal or Court of Session shall be final unless that court give leave to appeal to the House of Lords, which leave may be given on such terms as to costs or otherwise as the Court of Appeal or Court of Session may determine.
- (8) Subject as aforesaid, the amalgamation tribunal may, with the approval of the Lord Chancellor and the Lord President of the Court of Session, make rules regulating their own procedure and the procedure at any inquiry under this section.

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## **10 Staff and expenses of tribunal.**

- (1) The amalgamation tribunal may appoint a clerk and, subject to the consent of the Treasury as to numbers, such other officers and servants as they consider necessary for assisting them in the proper execution of their duties.
- (2) There shall be paid to the commissioners and to any such clerk, officer or servant as aforesaid such remuneration as the Minister, with the approval of the Treasury, may determine, not exceeding in the aggregate thirty-five thousand pounds.
- (3) Any such remuneration, and any other expenses of the amalgamation tribunal shall be defrayed in the first instance by the Minister out of moneys provided by Parliament, but on the coming into operation of the amalgamation schemes under this Part of this Act the amount thereof with interest at such rate as the Treasury may appoint shall on demand be repaid to the Minister by the amalgamated companies in such proportions as the amalgamation tribunal may determine.

## **11 Composition of claims in respect of Government possession of railways.**

- (1) The Minister shall, out of moneys to be provided by Parliament, place on deposit with Messrs. Glyn, Mills, Currie and Company, bankers in the city of London, the sum of sixty million pounds to the credit of a deposit account entitled " The Railways Compensation Account," and that sum shall be payable by two equal instalments of thirty million pounds each, of which the first instalment shall become due on the thirty-first day of December, nineteen hundred and twenty-one, and the second instalment shall become due on the thirty-first day of Decembel, nineteen hundred and twenty-two, and each such instalment shall be paid within fifteen days after it so becomes due.
- (2) The payment of the said sum shall be a full discharge and in satisfaction of all claims which might otherwise have been made by any railway company in Great Britain to which this section applies for compensation under the Regulation of the Forces Act, 1871, the Ministry of Transport Act, 1919, or otherwise arising out of or in respect of the possession by the Crown of the undertaking, railroad, or plant of such railway company or the exercise of the powers conferred by those Acts :

Provided that the rights and liabilities of the Crown or the Minister on the one hand, and of the railway companies on the other hand, under the terms of the agreements or arrangements relating to the possession by the Crown of the railways, shall, so far as regards the making good of any deficiency in the net receipts of the companies (including the payment of interest) up to the end of the period of possession, and in relation to any sums expended and liabilities incurred by the companies in respect of repairs and renewals effected before the end of that period in accordance with the said agreements and arrangements, subsist and continue.

- (3) The moneys so placed to the credit of the said account in accordance with the provisions of this section, together with any interest which may accrue thereon, shall, subject to the provisions of the next succeeding section, be distributed amongst the railway companies in Great Britain to which this section applies, in accordance with such scheme or schemes of allocation as may be agreed to by such companies, or, failing agreement, as may be settled from time to time by the amalgamation tribunal, and the amalgamation tribunal shall on request issue under their seal a certificate authenticating any such scheme or schemes as may have been agreed or settled, and Messrs. Glyn, Mills, Currie and Company shall pay to each of the said companies forthwith the amount or amounts allocated to such company in accordance with any such scheme bearing the seal of the amalgamation tribunal, and any sum allocated to



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any company under any such scheme shall be deemed to become, or to have become, due to the company on the date on which the instalment out of which the sum is payable becomes or became due.

- (4) All moneys received by any of the said railway companies in pursuance of any such scheme of allocation may be applied in such manner and in such proportions and at such time or times as the directors of the company may determine as a reserve fund for meeting contingencies, or for repairing improving or maintaining any of the property of the company, or for payment of interest or dividend, or for any other purpose for which the earnings of the company may be properly applied.
- (5) Notwithstanding anything in the Income Tax Acts, any sum received by a railway company out of the said account shall not be charged to income tax except so far as any part thereof may, at any time, be applied for the payment of interest or dividends, and the amount so applied shall be assessed and charged to income tax for the year of assessment next following the end of the year or period in respect of which such interest or dividends were paid:

Provided that, if the total amount so applied by the railway companies for the payment of interest and dividends in respect of the three years nineteen hundred and twenty-one, nineteen hundred and twenty-two, and nineteen hundred and twenty-three is less than thirty million pounds, the deficiency (that is to say, the amount representing the difference between the said total amount and the sum of thirty million pounds) shall be assessed and charged to income tax for the year 1924-25.

- (6) For the purpose of such assessment, the deficiency shall be apportioned in manner hereinafter mentioned amongst such of the railway companies as have applied for the payment of interest and dividends in respect of the said three years less than one-half of the amount received by them out of the said account, and each such company shall be assessed and charged to income tax on the amount so apportioned to it:

Provided that, where any company so assessed applies for the payment- of interest or dividends in respect of any year subsequent to the year nineteen hundred and twenty-three any part of the sums received by it from the said account, so much of the amount so applied as is equal to the amount for which the company was assessed under the foregoing provisions of this subsection shall not be charged to income tax.

- (7) For the purposes of such apportionment, there shall, in the case of each of the companies amongst which the deficiency is to be apportioned, be deducted from one-half of the sum received by the company out of the said account the amount applied by that company for the payment of interest and dividends in respect of the said three years; and the deficiency shall be apportioned amongst the several companies in proportion to the amounts of the several residues so obtained.
- (8) After an amalgamation scheme comes into operation, any sums received out of the said account, and any amounts applied for the payment of interest or dividends, by a constituent or subsidiary company in the group to which the scheme relates, shall, for the purposes of this section, be treated as having been so received or applied by the amalgamated company formed by the scheme.
- (9) All assessments to income tax in respect of sums applied for the payment of interest or dividends, or in respect of an apportioned share of the deficiency under this section, shall be made by the special commissioners of income tax; and the amount of any such assessment shall be paid, collected, and levied in like manner as any other assessment made by the special commissioners.

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- (10) The railway companies to which this section applies are the railway companies of whose undertakings possession is retained under the Ministry of Transport Act, 1919, up to the end of the period of possession; that is to say, the period, ending on the fifteenth day of August, nineteen hundred and twenty-one, during which possession of those undertakings is under the said Act authorised to be retained by the Minister.

## **12 Allocation of compensation under railway agreements.**

- (1) Out of the first instalment of thirty million pounds referred to in the last preceding section—
- (a) the sum of twenty-four million five hundred thousand pounds shall be forthwith distributed amongst the companies to which the said section applies (other than the companies referred to in subsection (3) of this section) in proportion to the net receipts of those companies, respectively, during the year nineteen hundred and thirteen, covered by the first seven items in account No. 8 of the First Schedule to the Railway Companies (Accounts and Returns) Act, 1911, as already agreed for the purpose of the compensation accounts between the Government and the railway companies (but excluding any receipts classified as miscellaneous receipts (net) in the said Account No. 8), supplemented by—
    - (i) the inclusion in such net receipts of any sums placed to the credit of a suspense account in respect of the four per cent. increase in rates out of the revenue of nineteen hundred and thirteen; and
    - (ii) the addition of any sums payable by the Government to the said companies respectively for the year nineteen hundred and twenty under the agreements or arrangements aforesaid in respect of interest on capital expenditure; and
  - (b) The sum of five hundred thousand pounds shall be set aside for the payment thereof of such compensation as may be awarded by the amalgamation tribunal to any of the companies referred to in subsection (3) of this section; and
  - (c) the sum of five million pounds shall be set aside for distribution subject as hereinafter provided amongst those railway companies to whom the said section applies (other than the companies referred to in subsection (3) of this section) and who are able to show to the satisfaction of the amalgamation tribunal that they have suffered abnormally by the standardisation of rates of pay, hours of duty, and other conditions of service. For the purpose of determining the basis of compensation owing to abnormal increase in working expenses due to such standardisation, the cost of salaries and wages for the last four months of the year nineteen hundred and twenty-one of the railways to which the said section applies compared with the cost of salaries and wages of the same railways for the same four months of the year nineteen hundred and thirteen shall be ascertained and the average percentage increase shall be deemed to be the normal ratio of increase for the purpose of this section. Any company whose ratio of increase is above such normal ratio shall make out a claim showing the extent above the normal ratio of increase to which it has suffered by standardisation during the said four months. The claims of all the companies presenting such claims shall be considered by the amalgamation tribunal, who shall allocate amongst such last-mentioned companies in proportion to the claim which they may establish to the satisfaction of the amalgamation tribunal, the said sum of five million

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- pounds or such lesser sum as may be sufficient to satisfy such claims as so established; and
- (d) any sum remaining out of the two said sums of five hundred thousand pounds, and five million pounds after payment to the various railway companies to whom the said section applies (other than the companies referred to in subsection (3) of this section), under the two last preceding paragraphs and including any interest which may have accrued, shall be distributed between the whole of the companies entitled to participate in the said sum of twenty-four million five hundred thousand pounds as if such sums and the interest thereon had been added to the twenty-four million five hundred thousand pounds.
- (2) Out of the second instalment of thirty million pounds payable under the said section of" this Act—
- (a) the sum of twenty-five million pounds shall be distributed amongst those companies to whom the said section applies (other than the companies referred to in subsection (3) of this section), and who on the thirty-first day of December, nineteen hundred and twenty, were in arrear in respect of the maintenance and renewal of way and works and/or rolling stock (abstracts A and B set out in the form of accounts scheduled to the Railway Companies (Accounts and Returns) Act, 1911) in proportion to the extent to which they were so in arrear. The amount of such arrear shall be ascertained in accordance with the arrangements agreed between His Majesty's Government and the railway companies in Great Britain in respect of arrears of maintenance and renewal work, as set out in addendum 2 of Command Paper 654 (1920).
- (b) The sum of five million pounds shall be set aside for distribution subject as hereinafter provided amongst those railway companies who shall have established or shall establish to the satisfaction of the amalgamation tribunal their right to participate in the distribution of the sum of five million pounds mentioned in subsection (1)(b) of this section in accordance with the provisions of that subsection except that the words " the year nineteen hundred and twenty-two" shall be deemed to be substituted for the words " last four months of the year nineteen hundred and twenty-one " and the words "year nineteen hundred and thirteen" shall be deemed to be substituted for the words " same four months of the year nineteen hundred and thirteen " in the said subsection;
- (c) Any sum remaining out of the five million pounds after payment to the various railway companies under the preceding paragraph, including any interest which may have accrued, shall be divided between the whole of the companies to whom the said section applies (other than the companies referred to in subsection (3) of this section) as if such sum and the interest thereon had been added to the twenty-four million five hundred thousand pounds referred to in subsection (1) paragraph (a).
- (3) No portion of the sum of sixty million pounds referred to in the said section of this Act or the interest thereon shall be allocated to any company which is neither itself conducting its traffic nor maintaining its undertaking unless the tribunal shall determine, on the application of such company, that such company would, but for the provisions of the last preceding section, be entitled to receive compensation from the Minister of the Crown under the Regulation of the Forces Act, 1871, the Ministry of Transport Act, 1919, or otherwise arising out of or in respect of possession of their undertaking by the Crown, but no such application shall be made after the thirtieth day of April, nineteen hundred and twenty-two. The amount of such compensation shall

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be determined by the tribunal and shall be paid out of the said sum of five hundred thousand pounds.

### **13 Power of constituent companies to issue redeemable debenture stock.**

- (1) It shall be lawful for any constituent company and, with the consent of the constituent companies in the group, for any subsidiary company, prior to amalgamation under this Act, with the sanction of the Minister, and notwithstanding any limitation on the powers of borrowing of the company, to borrow on mortgage of its undertaking by means of terminable securities to such amount, at such rate of interest, redeemable within such period, and subject to such conditions as the Minister may sanction, with the consent of the majority in amount of the proprietors and of the holders of the existing mortgage securities of the company, at special meetings called for the purpose, but the amount so borrowed shall in no case exceed one-eighth of the existing mortgage securities of that company.
- (2) The constituent companies in any group may, in like manner and subject to the like conditions, guarantee any such securities issued by any one or more of them, or by any one or more subsidiary companies in the group.
- (3) Where a scheme of amalgamation or absorption has been referred to or is being prepared or has been confirmed or settled by the amalgamation tribunal, the powers under this section shall not be exercised by any constituent or subsidiary company affected by the scheme without the consent of the amalgamation tribunal.

### **14 Railway Clearing House.**

- (1) An amalgamated company shall, for the purposes of the Railway Clearing House and the Acts relating thereto, be deemed to be a party to the clearing system in place of the constituent and subsidiary companies from which it was formed.
- (2) The Railway Clearing House may submit to the amalgamation tribunal and the amalgamation tribunal shall settle a scheme to effect such alterations of the Acts and regulations applicable to the Railway Clearing House as may be rendered necessary by reason of the constitution of amalgamated companies.
- (3) The provisions of this Part of this Act applicable to an amalgamation scheme when settled by the amalgamation tribunal shall apply to a scheme under this section.
- (4) The provisions of the Third Schedule to this Act shall apply to persons who were at the date of the introduction of the Bill for this Act officers and servants of the Railway Clearing House as if the Railway Clearing House were an amalgamated company and those officers and servants were officers and servants of a constituent company.

### **15 Power of trustees to invest in securities of amalgamated companies.**

For the purposes of the provisions of the Trustee Act, 1893, and the Trusts (Scotland) Acts, 1861 to 1910, relating to the securities in which trustees are authorised to invest trust funds, an amalgamated company or a company constituted by a preliminary amalgamation scheme shall be treated as if it were a railway company in Great Britain incorporated by special Act of Parliament and had, in each of the ten years immediately before the date of amalgamation, paid a dividend at the rate of not less than three per centum per annum on its ordinary stock.