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SCHEDULE

SUBSTITUTED PROVISIONS OF EMPLOYEE BENEFIT TRUST DATED 7TH MARCH 1984

6 RECONSTRUCTIONS

- (6.1) Notwithstanding anything in Clause 5 of this Deed, the Trustees may agree to and carry into effect any scheme for the reconstruction of BPL (a “Corporate Reconstruction”) whether or not involving the winding up of BPL resulting in the Trustees holding issued shares in one or more companies in respect of which all the conditions set out in sub-clause 6.3 below are satisfied (each a “Permitted Successor Company”) whether or not the Trustees retain shares in BPL.
- (6.2) Without prejudice to the generality of sub-clause 6.1 above, a Corporate Reconstruction may take the form of any of the following—
- (a) reconstruction pursuant to Section 110 of the Insolvency Act 1986 upon the members' voluntary liquidation of BPL;
 - (b) the acquisition by any company of the whole of the issued share capital of BPL in exchange for the issue of shares in the acquiring company;
 - (c) a scheme of arrangement with or without liquidation of BPL pursuant to Section 425 of the Companies Act 1985; and
 - (d) a demerger of any part of the undertaking of BPL by way of an exempt distribution within the meaning of Section 218 of the Income and Corporation Taxes Act 1988.
- (6.3) The conditions referred to in sub-clause 6.1 above are that in relation to each such company immediately following the Corporate Reconstruction—
- (a) shares in such company which represent 51% or more of the issued shares of each class in such company and which would still represent 51% or more of the issued shares of each class in such company if all rights to subscribe for or to convert into shares of that class were exercised are owned by the Trustees as trustees of this Deed;
 - (b) the shares and other rights so owned entitle the Trustees to not less than 51% of all profits and other assets of such company available for distribution by way of dividend or available to members of such company on a winding-up of such company;
 - (c) the shares and other rights so owned confer on the Trustees the right to attend and vote on all questions at any general meeting of such company which if exercised would carry a majority of the votes capable of being cast at any such general meeting; and
 - (d) each issued share in the capital of such company is owned by—
 - (i) the Trustees as trustees of this Deed; or
 - (ii) an Employee or a person formerly an Employee beneficially or the personal representatives of such a person; or
 - (iii) a bona fide employee or former employee of such company or any company which is at that time a subsidiary (within the meaning of Section 736 of the Companies Act 1985) of such company beneficially or the personal representatives of such a former employee; or
 - (iv) the trustees of any Permitted Employee Trust upon the terms of that trust; or

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- (v) any person or persons as trustee or trustees of any trust for the benefit of all or any of—
 - (aa) the bona fide employees and former employees of such company and any companies which are at that time subsidiaries (within the meaning of Section 736 of the Companies Act 1985) of such company; and
 - (bb) the wives, husbands, widows, widowers and, if under the age of 18, the children and step-children of such employees or former employees,
 being a trust which would fall within the definition of “Permitted Employee Trust” in sub-clause 1.1 above if in that definition reference to the above mentioned persons were substituted for the reference to “the Beneficiaries”.

- (6.4) Where as a result of a Corporate Reconstruction BPL is neither liquidated nor becomes the subsidiary (within the meaning of Section 736 of the Companies Act 1985) of a Permitted Successor Company but remains owner of part of its undertaking the expression “Permitted Successor Company” shall extend to and include BPL.

- (6.5) If as a result of a Corporate Reconstruction there are two or more Permitted Successor Companies the Trustees shall divide the Trust Fund so that there are distinct portions of the Trust Fund (each a “Separate Fund”) each of which relates exclusively to one Permitted Successor Company and its subsidiaries (within the meaning of Section 736 of the Companies Act 1985).

- (6.6) The portions of the Trust Fund held in each Separate Fund shall continue to be held upon the trusts and with and subject to the powers and provisions declared and contained in this Deed.

- (6.7) The Trustees shall allocate to the relevant Separate Fund all shares in and securities of the relevant Permitted Successor Company which they own but otherwise shall effect such division in such manner as they shall in their absolute discretion decide.

- (6.8) With effect from a Corporate Reconstruction this Deed shall have effect as if—
 - (a) in relation to each Permitted Successor Company and its Separate Fund each reference to BPL or to the Trust Fund in the definitions of Baxi Group, Beneficiary, Equity Share, Permitted Employee Trust, Permitted Successor Company and Subsidiary in Clause 1 of this Deed, in Clauses 2, 3, 4 and 5 of this Deed, this Clause 6, sub-clauses 7.2 and 7.3, Clauses 8 (except sub-clauses 8(c) and 8(e)), 9, 10, 11, 12, 13, 17, 18, 19, 22 and 24 of this Deed and sub-clause 27.4 below was replaced by a reference to such Permitted Successor Company or to the relevant Separate Fund;
 - (b) references in Clauses 14 and 15 of this Deed to companies within Baxi Group and company within Baxi Group were references to all Permitted Successor Companies and all other companies which are subsidiaries (within the meaning of Section 736 of the Companies Act 1985) of a Permitted Successor Company; and
 - (c) references in Clauses 14 and 15 of this Deed to Employee had effect as if in the definition of Employee in Clause 1 of this Deed references to any company within Baxi Group were construed as provided in sub-clause 6.8(b) above.

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- (6.9) Sub-clause 6.8(a) above shall have effect subject to sub-clauses 6.8(b) and 6.8(c) above and shall not apply for the purposes of construing, in relation only to a Corporate Reconstruction, the expressions “Employee” and “Permitted Employee Trust” in sub-clause 6.3(d) above.
- (6.10) Sub-clause 6.8 above shall not operate to bring within the definition of Beneficiary in Clause 1 of this Deed a former employee of a company that becomes a Permitted Successor Company as a result of a Corporate Reconstruction (not having previously been a member of Baxi Group) who had left employment with such company before such Corporate Reconstruction but nothing in Clause 5 of this Deed shall require the Trustees to prevent the continued holding of shares in a Permitted Successor Company by any person falling within sub-clause 6.3(d) above who held shares in such company immediately following such Corporate Reconstruction so long as the Trustees consider that the retention by any such person of such shares is not inconsistent with the promotion of the main purposes of the Trust as set out in Clause 2 of this Deed.
- (6.11) With effect from a Corporate Reconstruction Clauses 23 to 28 of this Deed shall if there are two or more Permitted Successor Companies apply separately to each Permitted Successor Company and its Separate Fund and the powers of alteration and addition in Clauses 23 to 28 of this Deed may be exercised separately and to different effect in relation to each Permitted Successor Company and its Separate Fund.