



Ordnance Factories and Military Services Act 1984

1984 CHAPTER 59

Ordnance factories: transfer schemes

1 Transfer schemes

- (1) The Secretary of State may make a scheme which, or schemes each of which, provides for one or more of the following:—
 - (a) the transfer to a company of any prescribed property, rights or liabilities falling within section 2 ;
 - (b) the transfer of any prescribed property, rights or liabilities from a successor company or from different successor companies to a company or to different companies (whether or not it or any of them is a successor company immediately before the coming into force of the scheme);
 - (c) the transfer of any prescribed property, rights or liabilities from a successor company or from different successor companies to the Secretary of State or, in the case of copyright, to Her Majesty.
- (2) A scheme may provide that prescribed securities of any prescribed transferee company shall be issued by the company in consideration of the transfer to the company, that they shall be credited as fully paid up, and that they shall be issued to the Secretary of State or a prescribed company.
- (3) A scheme providing for a transfer under subsection (1)(b) or (c) may contain one or both of the following provisions :—
 - (a) that prescribed consideration shall be furnished for the transfer (whether consideration in cash, or by the issue of securities under a provision made by virtue of subsection (2), or otherwise);
 - (b) that in consequence of the transfer there shall be a prescribed reduction in the amount to be treated by a prescribed transferor company or transferee company as a reserve which represents its profits available for distribution (within the meaning of Part III of the Companies Act 1980),

except that a scheme providing for a transfer to Her Majesty under subsection (1)(c) shall not contain (as regards that transfer) the provision mentioned in paragraph (a) of this subsection.

- (4) A scheme may provide for one or more of the following in relation to any prescribed transferee company:—
- (a) that for the purposes of any statutory accounts of the company, the value of any prescribed asset and the amount of any prescribed liability transferred to it under the scheme shall be taken, on the date the asset or liability is so transferred, to be a prescribed value or (as the case may be) a prescribed amount;
 - (b) that a prescribed amount shall be treated by the company as a reserve which represents its profits available for distribution (within the meaning of Part III of the Companies Act 1980);
 - (c) that in ascertaining for the purposes of section 56 of the Companies Act 1948 what amount (if any) falls to be treated as a premium received on the issue of shares by the company in pursuance of a provision made by virtue of subsection (2) above, the value of the assets transferred to the company under the scheme shall be taken to be reduced by an amount corresponding to the amount of any reserve for which provision is made as regards the company by virtue of paragraph (b) above.
- (5) In making a scheme under subsection (1)(b) or (c) the Secretary of State shall have regard to the object of securing (so far as practicable) that each transferor company and each transferee company will as a result of the scheme be no less able to pay its debts than it would have been if the scheme had not been made.
- (6) A scheme may contain such supplementary, incidental, consequential or transitional provisions as may appear to the Secretary of State to be necessary or expedient after consulting the Treasury.
- (7) A scheme is ineffective unless—
- (a) it is made with the Treasury's consent, and
 - (b) before making it, the Secretary of State consults each transferor company and each transferee company.
- (8) In this section—
- " prescribed ", in relation to a scheme, means specified or described in or determined in accordance with the scheme;
 - " statutory accounts ", in relation to a company, means accounts prepared for the purposes of any provision of the Companies Acts 1948 to 1983 ;
 - " successor company ", in relation to a scheme, means a company in which any property, right or liability has before the making of the scheme vested by virtue of a provision (of another scheme) made under subsection (1);
 - " transferee company " and " transferor company ", in relation to a scheme, mean respectively a company to which, and one from which, the scheme provides for a transfer under subsection (1).

2 Property, rights and liabilities

- (1) Any property, right or liability falls within this section if both of the following conditions are fulfilled in relation to it:—

- (a) a Minister of the Crown was entitled or subject to the property, right or liability immediately before the appointed day or, in the case of copyright, Her Majesty was then entitled to it, and
 - (b) the property, right or liability then subsisted for the purposes of or in connection with, or was then otherwise attributable (wholly or partly) to, the operations of the Crown service known as the Royal Ordnance Factories.
- (2) Without prejudice to the generality of subsection (1)(b), any property, right or liability shall be taken to fulfil the condition there mentioned if—
- (a) immediately before the appointed day the property, right or liability was appropriated as an asset or liability of the fund established in respect of the Royal Ordnance Factories under the Government Trading Funds Act 1973, or
 - (b) the Secretary of State certifies in a written document on that day that after consulting the Treasury it appears to him that the condition was fulfilled immediately before that day in relation to any property, right or liability specified or described in or determined in accordance with the document.
- (3) In this section "appointed day", in relation to any property, right or liability, means the day on which the scheme providing for its transfer comes into force.

3 Operation of schemes

- (1) A scheme shall (subject to this section) come into force on such day as the scheme may appoint for the purpose.
- (2) On the day the scheme comes into force the property, rights and liabilities to be transferred under any provision made by virtue of section 1(1) shall be transferred and vest in accordance with the scheme.
- (3) On the coming into force of the scheme, any provision made by virtue of section 1(2), (3), (4) or (6) shall have effect in accordance with the scheme; and section 24 of the Companies Act 1980 (experts' reports on non-cash consideration before allotment) shall not apply where shares are proposed to be allotted in pursuance of a provision made by virtue of section 1(2) above.
- (4) No scheme shall come into force, and no provision of a scheme shall become effective, at any time unless at that time each of the companies to or from which the scheme provides for a transfer is limited by shares and is either wholly owned by the Crown or a wholly owned subsidiary of a company wholly owned by the Crown.
- (5) Any expenses incurred by the Secretary of State in consequence of a provision made under section 1 shall be paid out of money provided by Parliament.
- (6) The Secretary of State may not dispose of any securities issued to him in pursuance of a provision made by virtue of section 1(2) unless the disposal is made with the Treasury's consent.
- (7) Any sums received by the Secretary of State or Her Majesty—
 - (a) in pursuance of a provision made by virtue of section 1(1)(c), or
 - (b) in right of or on the disposal of anything acquired in pursuance of such a provision,shall be paid into the Consolidated Fund.

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

- (8) Any dividends or other sums received by the Secretary of State in right of or on the disposal of any securities acquired in pursuance of a provision made by virtue of section 1(2) shall be paid into the Consolidated Fund.
- (9) Within the period of one month beginning with the day on which a scheme comes into force, the Secretary of State shall lay before Parliament a copy of the scheme, but omitting any material the disclosure of which he considers would be contrary to national security or to the commercial interests of any person.
- (10) Schedule 1 contains further provisions about the operation of schemes.

4 Employment

Schedule 2 contains provisions about employment.