

## Restriction of section 71 (5) in the case of group reconstructions

73. (1) This section applies where the issuing company—

(a) is a wholly-owned subsidiary of a body corporate (the “holding company”); and

(b) allots shares to the holding company or to another wholly-owned subsidiary of the holding company in consideration for the transfer to the issuing company of assets other than cash, being assets of any body corporate (the “transferor”) which is a member of the group which comprises the holding company and all its wholly-owned subsidiaries.

(2) Where the shares in the issuing company, allotted in consideration for the transfer, are issued at a premium, the issuing company is not required by section 71 (5) to credit to undenominated capital any amount in excess of the minimum premium value.

(3) In subsection (2) the “minimum premium value” means the amount (if any) by which the base value of the consideration for the shares allotted exceeds the aggregate nominal value of those shares.

(4) For the purposes of subsection (3), the base value of the consideration for the shares allotted is the amount by which the base value of the assets transferred exceeds the base value of any liabilities of the transferor assumed by the issuing company as part of the consideration for the assets transferred.

(5) For the purposes of subsection (4)—

(a) the base value of assets transferred is to be taken as—

(i) the cost of those assets to the transferor; or

(ii) the amount at which those assets are stated in the transferor's accounting records immediately before the transfer, whichever is the less,

and

(b) the base value of the liabilities assumed is to be taken as the amount at which they are stated in the transferor's accounting records immediately before the transfer.

(6) Section 72 shall not apply to a case falling within this section.