

Holding of own shares or shares in holding undertaking

320. (1) Where a company, or a nominee of a company, holds shares in the company or an interest in such shares, such shares or interest shall not be shown as an asset but the consideration paid for such shares or interest—

(a) shall be shown in the company's entity financial statements as a deduction from the company's capital and reserves (and the profits available for distribution shall accordingly be restricted by the amount of such deduction); and

(b) shall be shown in the company's group financial statements, if any, as a deduction from group capital and reserves.

(2) Where a company, or a nominee of the company, holds shares in its holding undertaking or an interest in such shares, the profits of the company available for distribution shall be restricted by the amount of the consideration paid for such shares or interest.

(3) In addition to the requirements of subsection (2), in the case of the holding of shares by a company, or a nominee of the company, in its holding company (or the holding by a company or its nominee of an interest in such shares), the consideration paid for such shares or interest shall be shown in the holding company's group financial statements, if any, as a deduction from group capital and reserves.

(4) The notes to the company's entity financial statements (and, as the case may be, the group financial statements of the company or its holding company) shall give separately for the shares referred to in each of the preceding subsections—

(a) the number and aggregate nominal value of those shares and, where shares of more than one class have been acquired, the number and aggregate nominal value of each class of such shares, and

(b) particulars of any restriction on profits available for distribution by virtue of the application of subsection (1) or (2).