

Meaning of “the notional winding up”. CTA76 s111 415.—(1) Subject to the following provisions of this Chapter, for the purposes of section 412 the percentage to which one company would be beneficially entitled of any assets of another company available for distribution to its equity holders on a winding up means the percentage to which the first company would be so entitled if the other company were to be wound up and on that winding up the value of the assets available for distribution to its equity holders (after deducting any liabilities to other persons) were equal to—

(a) the excess, if any, of the total amount of the assets of the company, as shown in the balance sheet relating to its affairs as at the end of the relevant accounting period, over the total amount of those of its liabilities as so shown which are not liabilities to equity holders as such, or

(b) if there is no such excess or if the company's balance sheet is prepared to a date other than the end of the relevant accounting period, £100.

(2) In the following provisions of this Chapter, a winding up on the basis specified in subsection (1) is referred to as “the notional winding up”.

(3) If on the notional winding up an equity holder would be entitled as such to an amount of assets of any description which apart from this subsection would not be treated as a distribution of assets, it shall nevertheless be treated, subject to subsection (4), as an amount to which the equity holder is entitled on the distribution of assets on the notional winding up.

(4) (a) In this subsection, “new consideration” has the same meaning as in section 135.

(b) Where an amount (in this subsection referred to as “the returned amount”), which corresponds to the whole or any part of the new consideration provided by a person who is an equity holder of a company for any shares or securities in respect of which such person is an equity holder, is applied by the company directly or indirectly in the making of a loan to, or in the acquisition of any shares or securities in, the equity holder or any person connected with the equity holder, then, for the purposes of this Chapter—

(i) the total amount of the assets referred to in subsection (1)(a) shall be taken to be reduced by a sum equal to the returned amount, and

(ii) the amount of assets to which the equity holder is beneficially entitled on the notional winding up shall be taken to be reduced by a sum equal to the returned amount.