



Aircraft and Shipbuilding Industries Act 1977

1977 CHAPTER 3

An Act to provide for the establishment of two bodies corporate to be called British Aerospace and British Shipbuilders, and to make provision with respect to their functions; to provide for the vesting in British Aerospace of the securities of certain companies engaged in manufacturing aircraft and guided weapons and the vesting in British Shipbuilders of the securities of certain companies engaged in shipbuilding and allied industries; to make provision for the vesting in those companies of certain property, rights and liabilities; to provide for payments to British Aerospace and its wholly owned subsidiaries, for the purpose of promoting the design, development and production of civil aircraft; and for connected purposes. [17th March 1977]

Commencement Information

- II** Act wholly in force at Royal Assent, but see [ss. 19](#) and 56 for minor variations.

PART I

THE CORPORATIONS

Modifications etc. (not altering text)

- C1** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that Pt. I is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say British Shipbuilders)

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Constitution and functions

1 British Aerospace and British Shipbuilders.

- (1) There shall be constituted, subject to and in accordance with the provisions of this section,—
 - (a) ^{F1}
 - (b) a body corporate to be called British Shipbuilders.
- (2) Each Corporation shall consist of—
 - (a) a chairman appointed by the Secretary of State; and
 - (b) subject to subsection (3) below, not less than [^{F2}2] nor more than 20 other members each appointed by the Secretary of State after consultation with the chairman.
- (3) In relation to either Corporation, the Secretary of State may by regulations made by statutory instrument—
 - (a) provide that subsection (2)(b) above shall have effect in relation to the Corporation with the substitution of a different minimum or maximum number of members;
 - (b) provide that, in addition to the office of chairman of the Corporation, there shall be other offices to which he may appoint members of the Corporation;
 - (c) make provision with respect to the appointment and tenure of office of, and the vacation of office by, members of the Corporation;
 - (d) make provision with respect to the disclosure by members of the Corporation of any interest (whether direct or indirect) in contracts made or proposed to be made by the Corporation or any of its wholly owned subsidiaries or in any other matter whatsoever which falls to be considered by the Corporation;
 - (e) make provision with respect to the quorum, proceedings and meetings of the Corporation, the execution of instruments by or on behalf of the Corporation and the proof of documents purporting to be executed, signed or issued by or on behalf of the Corporation or by or on behalf of any of the Corporation's members or employees; and
 - (f) make such provision supplementary or incidental to the matters specified in paragraphs (a) to (e) above as appears to the Secretary of State to be expedient.
- (4) Subject to any provision made by virtue of subsection (3) above, the arrangements relating to meetings of each Corporation shall be such as it may determine; and the validity of any proceedings of either Corporation shall not be affected by any vacancy among the members or in the office of chairman or by any defect in the appointment of a member.
- (5) Each Corporation—
 - (a) shall pay to the members thereof such remuneration and such allowances as may be determined by the Secretary of State with the consent of the Minister for the Civil Service; and
 - (b) if the Secretary of State with the consent of that Minister so determines in the case of a person who is or has been a member of the Corporation, shall pay or make arrangements for the payment of a pension to or in respect of that person in accordance with the determination; and
 - (c) if a person ceases to be a member of the Corporation and it appears to the Secretary of State that there are special circumstances which make it right that

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that person should receive compensation, shall pay to that person a sum of such amount as the Secretary of State may with the consent of the Minister for the Civil Service determine.

- (6) Neither Corporation is to be regarded as the servant or agent of the Crown or as enjoying any status, privilege or immunity of the Crown, and its property is not to be regarded as property of or held on behalf of the Crown.
- (7) The Secretary of State may by order made by statutory instrument specify a different name by which either Corporation is to be known; and where any such different name is so specified, any reference in this Act or in any other enactment, instrument or document to . . . ^{F3} British Shipbuilders, shall be construed accordingly.
- (8) The power to make an order under subsection (7) above includes power to vary or revoke any order previously made under that subsection; and a statutory instrument containing regulations or an order made under any provision of this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.

^{F4}(9)

- (10) In the ^{M1} House of Commons Disqualification Act 1975 and in the ^{M2} Northern Ireland Assembly Disqualification Act 1975, in Part II of Schedule 1 (bodies of which all members are disqualified), there shall be inserted at the appropriate places in alphabetical order, — . . . ^{F5}“ British Shipbuilders ”.

Subordinate Legislation Made

P1 S. 1: power exercised by [S.I. 1977/626](#)

P2 S. 1(3): Power conferred by s. 1(3) exercised by [S.I. 1991/1560](#)

Textual Amendments

F1 S. 1(1)(a) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), **Sch. 3**

F2 Figure in s. 1(2)(b) substituted (31.7.1991) by [S.I. 1991/1560](#), **reg. 2**

F3 Words in s. 1(7) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), **Sch. 3**

F4 [S. 1\(9\)](#) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), **Sch. 1 Pt. 16** Group 1

F5 Words in s. 1(10) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 10(1), **Sch. 2 para. 6, Sch. 3**

Modifications etc. (not altering text)

C2 By virtue of [S.I. 1981/1670](#), **arts. 2, 3(5)** this enactment has effect as if any reference to the Minister for the Civil Service were a reference to the Treasury.

C3 S. 1(9) restricted by [Industry Act 1980 \(c. 33, SIF 64\)](#), **ss. 20, 22**

C4 The text of s. 1(10) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and, except as specified, does not reflect any amendments or repeals made prior to 1.2.1991.

Marginal Citations

M1 [1975 c. 24](#).

M2 [1975 c. 25](#).

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Textual Amendments

F6 S. 2 repealed by [British Shipbuilders Act 1983 \(c. 15, SIF 64\)](#), s. 1(2), [Sch.](#)

3 Powers of the Corporations.

[^{F7}(1) Subject to the provisions of this Act, British Shipbuilders shall have power to carry on the following activities, namely—

- (a) the design, development, production, sale, repair and maintenance of ships and slow speed diesel marine engines;
- (b) research into matters relating thereto;
- (c) any activities which were carried on, immediately before the date of transfer, by a company which, by virtue of this Act, becomes a wholly owned subsidiary of British Shipbuilders; and
- (d) with the consent of, or in accordance with the terms of any general authority given by, the Secretary of State, any other activities to which the consent or authority relates;

and British Shipbuilders may also promote the carrying on of any of those activities to such extent as it thinks fit by other persons none of whom need be a wholly owned subsidiary of British Shipbuilders.]

(2) Subject to subsection (3) below, each Corporation shall have power—

- (a) to acquire by agreement, and to hold, interests in other bodies corporate;
- (b) to form or take part in forming bodies corporate;
- (c) to enter into partnerships with other persons; and
- (d) to exercise all rights conferred by the holding of interests in bodies corporate.

(3) Except with the consent of, or in accordance with the terms of any general authority given by, the Secretary of State, neither Corporation shall have power—

- (a) to exercise any of the powers conferred by paragraphs (a) to (c) of subsection (2) above; or
- (b) to dispose of an interest in any of its wholly owned subsidiaries, unless the disposal is to another such wholly owned subsidiary.

(4) The powers conferred by subsection (2) above in relation to bodies corporate shall be exercisable whether or not they are or will be incorporated in the United Kingdom; and the power conferred by paragraph (c) of that subsection shall be exercisable whether or not the partnership will be governed by the law of any part of the United Kingdom.

^{F8}(5)

(6) Each Corporation shall have power—

- (a) with the consent of the Secretary of State to enter into and carry out agreements with the Minister of Overseas Development, being agreements whereunder the Corporation acts, at the expense of that Minister, as the instrument by means of which technical assistance is furnished by that Minister in exercise of the power conferred by section 1(1) of the ^{M3}Overseas Aid Act 1966; and
- (b) with the consent of the Secretary of State and the Minister of Overseas Development, to enter into and carry out agreements whereunder the Corporation, for any purpose specified in that section, furnishes technical

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assistance in a country or territory outside the United Kingdom against reimbursement to the Corporation of the cost of furnishing that assistance.

- (7) Each Corporation may, with the consent of the Secretary of State, promote Bills in Parliament, and may without any such consent oppose any Bill in Parliament; and any reference in this subsection to a Bill in Parliament includes a reference to an order under the ^{M4}Private Legislation Procedure (Scotland) Act 1936 and a proposed Measure introduced in the Northern Ireland Assembly.
- (8) Each Corporation shall have power to do anything and to enter into any transaction (whether or not involving the expenditure of money, the borrowing or lending of money, the acquisition of any property or rights or the disposal of any property or rights) which in its opinion is calculated to facilitate the exercise or performance of the functions conferred on it under or by virtue of any enactment of which in its opinion is incidental or conducive to the exercise or performance of any such function.
- (9) For the avoidance of doubt it is hereby declared that the preceding provisions of this section relate only to the capacity of each Corporation as a statutory corporation, and nothing in those provisions shall be construed as authorising the disregard by either Corporation of any enactment or rule of law.

Textual Amendments

F7 S. 3(1) substituted by [British Shipbuilders Act 1983 \(c. 15, SIF 64\), s. 1\(3\)](#)

F8 S. 3(5) repealed (19.11.1998) by [1998 c. 43, ss. 1\(1\), 2\(3\), Sch. 1 Pt. IV](#) Group 5.

Modifications etc. (not altering text)

C5 S. 3(6): functions of the Minister of Overseas Development now exercisable by Secretary of State for the time being discharging the functions expressed to be conferred on the Minister of Overseas Development by the [Overseas Aid Act 1966 \(c. 21\): S.I. 1979/1451, art. 3\(1\), Sch. 2](#)

Marginal Citations

M3 [1966 c. 21.](#)

M4 [1936 c. 52.](#)

4 Corporations to give effect to directions of Secretary of State.

- (1) Each Corporation shall give effect to any direction given to it under subsection (2) below or under any of the following provisions of this Act and shall secure, so far as appropriate, that each of its wholly owned subsidiaries also gives effect to any such direction.
- (2) The Secretary of State may give directions of a general character as to the exercise and performance by either Corporation of its functions (including the exercise of rights conferred by the holding of interests in bodies corporate, whether or not incorporated in the United Kingdom) in relation to matters which appear to the Secretary of State to affect the national interest.
- (3) Before giving any direction to either Corporation under subsection (2) above, the Secretary of State—
- shall consider all factors relating to that Corporation that appear to him to be relevant to the proposed direction, and
 - shall consult the Corporation.

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- (4) Before giving any such direction to British Shipbuilders, the Secretary of State shall have full regard to the need—
- (a) to co-ordinate the operations of British Shipbuilders with those of the British shipping industry;
 - (b) to take account of any shipbuilding policy for the time being adopted by any international organisation of which the United Kingdom is a member;
 - (c) to ensure that British Shipbuilders is able to compete in world markets on equal terms with its competitors in other countries; and
 - (d) to take account of any special considerations relating to parts of the United Kingdom and in particular, but without prejudice to the generality of those considerations, relating to employment.
- (5) When the Secretary of State gives a direction under subsection (2) above, he shall lay a copy of it before each House of Parliament within 28 days of giving it, unless he has notified the Corporation to which it is given that he is of opinion that it is against the national interest to lay it or that he accepts the Corporation's contention that it is against the Corporation's commercial interests to lay it.

[^{F9}4A Organisation of British Shipbuilders' activities.

- (1) It shall be the duty of British Shipbuilders so to exercise its powers as to secure that the carrying on of the activities that have fallen to be carried on under its ultimate control is organised, so far as regards the direction thereof, in the most efficient manner.
- (2) British Shipbuilders shall not make, or permit to be made, any substantial change in the manner in which the carrying on of the activities that have fallen to be carried on under its ultimate control is organised, so far as regards the direction thereof, except with the consent of the Secretary of State.]

Textual Amendments

F9 Ss. 4A, 4B inserted by [British Shipbuilders Act 1983 \(c. 15, SIF 64\)](#), s. 2(1)

[^{F10}4B Discontinuance and restriction of British Shipbuilders activities.

- (1) Without prejudice to section 4(2) above but subject as provided in subsection (2) below, the Secretary of State may, after consultation with British Shipbuilders, by order, give to it directions—
 - (a) to discontinue or restrict any of its activities or to dispose of any of its property, rights and liabilities; or
 - (b) to secure the discontinuance or restriction of any of the activities of a wholly owned subsidiary of British Shipbuilders or the disposal of all or any of its property, rights and liabilities or the winding up of any such subsidiary.
- (2) The Secretary of State shall not give any direction under subsection (1) above unless he is satisfied that the giving of it will further the national interest.
- (3) Subject to subsection (4) below, any direction under subsection (1) above to dispose or secure the disposal of property, rights or liabilities may in particular include a direction—

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- (a) to form a company for the purpose of acquiring the property or rights and assuming the liabilities to be transferred in pursuance of the direction;
 - (b) prohibiting, except with the consent of the Secretary of State, the disposal to, or acquisition from any person by, any company which will acquire property or rights in pursuance of the direction of assets used or capable of use in the carrying on of activities of a description, or of activities other than activities of a description, specified in the direction.
- (4) The powers to direct the formation of a company and to restrict the disposal or acquisition of assets are exercisable subject to the following further limitations, that is to say—
 - (a) no company shall be directed to be formed otherwise than as a wholly owned subsidiary of British Shipbuilders; and
 - (b) no such restriction shall be imposed except on a company which is, or when formed will be, a wholly owned subsidiary of British Shipbuilders or be binding after it ceases to be such a subsidiary.
- (5) So long as the restriction on the disposal or acquisition of assets is binding on British Shipbuilders or any of its wholly owned subsidiaries the provisions of this Act relating to the capacity of British Shipbuilders or of the subsidiary shall have effect subject to the restriction.
- (6) Where the Secretary of State gives a direction under subsection (1) above requiring the disposal to an outside person of an interest in a company which is a wholly owned subsidiary of British Shipbuilders, or gives his consent to such a disposal under section 3(3) above or section 9(3) below, then, without prejudice to section 4(2) above, he may, after consultation with British Shipbuilders, by order give to it directions to secure—
 - (a) that the articles of association of the company are altered in the manner specified in the directions;
 - (b) that the share capital of the company is increased by the sum and in the manner so specified and that any share or shares representing the whole or any part of that sum are issued to the Secretary of State or to a nominee of his; and
 - (c) that an employees' share scheme is established in respect of the company in such terms and making such provision as is so specified.
- (7) Any power to make orders conferred by this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.
- (8) In this section—
 - “ employees' share scheme ” means a scheme for encouraging or facilitating the holding of shares or debentures in a company by or for the benefit of—
 - (a) the bona fide employees or former employees of the company or of a subsidiary of the company; or
 - (b) the wives, husbands, widows, widowers or children or stepchildren under the age of 18 of such employees or former employees;
 - “ the group ” means British Shipbuilders and all its wholly owned subsidiaries taken together;
 - “ outside person ” means a person who is not a member of the group.]

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Textual Amendments

F10 Ss. 4A, 4B inserted by [British Shipbuilders Act 1983 \(c. 15, SIF 64\)](#), **s. 2(1)**

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F11

Textual Amendments

F11 S. 5 repealed by [British Shipbuilders Act 1983 \(c. 15, SIF 64\)](#), s. 3(3), **Sch.**

6 Machinery for settling terms and conditions of employment etc.

- (1) Except in so far as it is satisfied that adequate machinery exists for achieving the purposes of this section, it shall be the duty of each Corporation to consult any relevant trade union with a view to the conclusion between the Corporation and any such trade union of such agreements as appear to the parties to be desirable with respect to the establishment and maintenance of machinery for the purposes specified in subsection (2) below.
- (2) The purposes referred to in subsection (1) above are—
 - (a) the settlement by negotiation of terms and conditions of employment of persons employed by the Corporation and its wholly owned subsidiaries.
 - (b) the resolution of trade disputes, [^{F12}within the meaning of Part IV of the Trade Union and Labour Relations (Consolidation) Act 1992],
 - (c) the promotion and encouragement of measures affecting efficiency, in any respect, in the carrying on of their activities by the Corporation and its wholly owned subsidiaries, and
 - (d) the discussion of other matters of mutual interest to the parties to the agreements.
- (3) Nothing in this section shall be construed as prohibiting either Corporation or any wholly owned subsidiary of either Corporation from taking part together with other employers or organisations of employers in the establishment and maintenance of machinery for any of the purposes set out in subsection (2) above.

Textual Amendments

F12 Words in s. 6(2)(b) substituted (16.10.1992) by [Trade Union and Labour Relations \(Consolidation\) Act 1992 \(c. 52\)](#), ss. 300(2), 302, **Sch. 2 para. 8(2)**.

7 Formulation of the Corporations' policies and plans and conduct of their operations.

- (1) It shall be the duty of each Corporation, after consulting any relevant trade union, to formulate in each year other than that in which it is constituted a corporate plan relating to the conduct, during such period beginning in that year as the Corporation considers appropriate, of the operations of the Corporation and its wholly owned subsidiaries and dealing, subject to subsection (2) below, with the following matters, namely,—

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- (a) capital investment,
- (b) research and development,
- (c) employment of persons,
- (d) forecasts of income and expenditure on profit and loss account and of payments and receipts of the Corporation and its wholly owned subsidiaries,
- (e) such other matters as the Corporation considers appropriate, and
- (f) such other matters as the Secretary of State may for the purposes of this subsection specify in writing to the Corporation,

and, in formulating its corporate plan in each year and in determining the period to which the plan is to relate, and in the general conduct of the operations of the Corporation and its wholly owned subsidiaries in each year, the Corporation shall act on lines settled from time to time with the approval of the Secretary of State.

- (2) If the Secretary of State gives a direction to either Corporation to that effect, the plan formulated by the Corporation in any year under subsection (1) above need not deal with such of the matters falling within paragraphs (a) to (d) of that subsection as may be specified in the direction.

- (3) F13

- (4) In this section

..... F14

“year” means the period of 12 months beginning on 1st January.

Textual Amendments

F13 S. 7(3) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#)

F14 Definition repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#)

8 Furnishing and publication of information by the Corporations.

- (1) In such manner and at such times as the Secretary of State may specify in relation to it, each Corporation shall furnish the Secretary of State with such information—

- (a) as he may specify in writing to it, and
- (b) as the Corporation has or can reasonably be expected to obtain,

with respect to such matters relating to the Corporation or its wholly owned subsidiaries or the activities (past, present or future), plans or property of any of them as the Secretary of State may so specify.

- (2) The Secretary of State may, by directions given to either Corporation, require it to publish, in such manner as may be specified in the directions, such information as may be so specified relating to—

- (a) the operations of the Corporation and its wholly owned subsidiaries; and
- (b) its policy and plans for the general conduct of its undertaking and the businesses of all or any of its wholly owned subsidiaries.

- (3) Before giving any directions under subsection (2) above the Secretary of State shall consult the Corporation to which they are to be given.

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9 Control by Corporations of wholly owned subsidiaries.

- (1) Each Corporation shall secure that, notwithstanding anything in the [^{F15}articles of association]of any of its wholly owned subsidiaries, none of those subsidiaries—
 - (a) shall carry on any activity which the Corporation itself has no power to carry on or has power to carry on only with the consent of the Secretary of State, or
 - (b) shall acquire any interest in a body corporate or form or take part in forming a body corporate, or
 - (c) shall enter into a partnership with any other person,except with the consent of, or in accordance with the terms of any general authority given by, the Secretary of State.
- (2) Paragraph (b) of subsection (1) above shall apply whether or not the body corporate is or will be incorporated in the United Kingdom, and paragraph (c) shall apply whether or not the partnership will be governed by the law of any part of the United Kingdom.
- (3) Each Corporation shall secure that, except with the consent of, or in accordance with the terms of any general authority given by, the Secretary of State, none of its wholly owned subsidiaries shall dispose of an interest in any other of its wholly owned subsidiaries, unless the disposal is to the Corporation itself or to another of its wholly owned subsidiaries.

Textual Amendments

F15 Words in s. 9(1) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), Sch. 1 para. 36(2) (with art. 10)

Financial provisions

10 Financial duties of the Corporations.

- (1) The financial duties of each Corporation shall be such as may from time to time be determined by the Secretary of State with the approval of the Treasury and after consultation with the Corporation concerned.
- ^{F16}(2)
- (3) As soon as possible after the making of a determination under subsection (1) above the Secretary of State shall give notice thereof to the Corporation concerned.
- (4) Each Corporation’s report for any accounting year shall set out any determination made in relation to it under subsection (1) above, other than a determination which was wholly superseded before the beginning of the accounting year to which the report relates.
- (5) The Secretary of State shall not make, and the Treasury shall not approve, a determination under subsection (1) above, unless satisfied that the duties to be imposed on the Corporation concerned by the determination are likely, taken together, to result in an adequate return on the capital employed by the Corporation and its subsidiaries.
- (6) A determination under subsection (1) above—
 - (a) may relate to a period beginning before the date on which it is made; and

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- (b) may contain incidental or supplemental provisions.
- (7) As soon as possible after the making of any determination under subsection (1) above the Secretary of State shall lay a copy of the determination before each House of Parliament.

Textual Amendments

F16 S. 10(2) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

11 Borrowing powers of the Corporations and their wholly owned subsidiaries.

- (1) Subject to subsections . . . ^{F17} (7) below, each Corporation may borrow money in accordance with the provisions of subsections (2), (3) and (4) below.
- (2) Each Corporation may borrow temporarily, by way of overdraft or otherwise,—
 - (a) in sterling from the Secretary of State, or
 - (b) with the consent of the Secretary of State and the approval of the Treasury or in accordance with any general authority given by the Secretary of State with the approval of the Treasury, in sterling or a currency other than sterling from a person other than the Secretary of State,such sums as may be required for meeting the obligations and discharging the functions of the Corporation or any of its wholly owned subsidiaries.
- (3) Each Corporation may borrow, otherwise than by way of temporary loan,—
 - (a) in sterling from the Secretary of State, or
 - (b) with the consent of the Secretary of State and the approval of the Treasury, in sterling from the Commission of ^{F18}the European Union] or the European Investment Bank or in any currency other than sterling from a person other than the Secretary of State,such sums as may be required by the Corporation or any of its wholly owned subsidiaries for capital purposes or for fulfilling any guarantee entered into by it.
- (4) Each Corporation may borrow from any of its wholly owned subsidiaries, without any consent, approval or other authority.
- (5) It shall be the duty of each Corporation to secure that none of its wholly owned subsidiaries borrows otherwise than from the Corporation or from another of its wholly owned subsidiaries except with the consent of the Secretary of State and the approval of the Treasury.
- (6) ^{F19}
- (7) The aggregate of—
 - (a) the amounts for the time being outstanding, otherwise than by way of interest, in respect of money borrowed by British Shipbuilders and each of its wholly owned subsidiaries, other than money borrowed on excluded loans, and
 - (b) the public dividend capital received by British Shipbuilders,shall not exceed [^{F20}^{F21}£1,550 million]; but the Secretary of State may, with the consent of the Treasury, by order made by statutory instrument increase or further increase that limit by any sum, not exceeding [^{F22}£150 million], specified in the order, but not so as to make the limit exceed [^{F23}£1,800 million].]

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- (8) No part of the commencing capital of the Corporations specified under section 15(1) below shall be taken into account under subsection . . . ^{F24} (7) above.
- (9) A loan is an excluded loan for the purposes of subsections . . . ^{F25} (7) above if—
- (a) it consists of money borrowed—
 - (i) by a Corporation from one of its wholly owned subsidiaries, or
 - (ii) by one of a Corporation's wholly owned subsidiaries from another such subsidiary or from the Corporation; or
 - (b) it is a loan under—
 - (i) ^{F25}
 - (ii) ^{F25}
 - (iii) section 7 or section 8 of the ^{M5}Industry Act 1972 (assistance for industry), or
 - (iv) ^{F25}
 - (c) it is a loan guaranteed under section 10 of the ^{M6}Industry Act 1972 (construction credits for ships); or
 - (d) the purpose of the loan is to pay off the whole or any part of the commencing debt (within the meaning of section 15 below) of either Corporation; or
 - (e) the purpose of the loan is to pay off a previous loan which was itself an excluded loan by virtue of paragraph (d) above or this paragraph.
- (10) The power to make an order under . . . ^{F26} subsection (7) above includes power to vary or revoke any order previously made in the exercise of that power; and no such order shall be made unless a draft of it has been laid before and approved by the Commons House of Parliament.

Textual Amendments

- F17** Words repealed by [British Aerospace Act 1980](#) (c. 26, SIF 64), s. 15(2), **Sch. 3**
- F18** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011](#) (S.I. 2011/1043), arts. 2, 3, 4 (with art. 3(2)(3)4(2)6(4)6(5))
- F19** S. 11(6) repealed by [British Aerospace Act 1980](#) (c. 26, SIF 64), s. 15(2), **Sch. 3**
- F20** Words substituted by virtue of [British Shipbuilders \(Borrowing Powers\) Act 1983](#) (c. 58, SIF 64), s. **1(1)**
- F21** Words substituted by virtue of [British Shipbuilders \(Borrowing Powers\) Act 1987](#) (c. 52, SIF 64), s. **1(1)(a)**
- F22** Words substituted by virtue of [British Shipbuilders \(Borrowing Powers\) Act 1987](#) (c. 52, SIF 64), s. **1(1)(b)**
- F23** Words substituted by virtue of [British Shipbuilders \(Borrowing Powers\) Act 1987](#) (c. 52, SIF 64), s. **1(1)(c)**
- F24** Words repealed by [British Aerospace Act 1980](#) (c. 26, SIF 64), **Sch. 3**
- F25** S. 11(9): words and (b)(i)(ii) and (iv) repealed by [British Aerospace Act 1980](#) (c. 26, SIF 64), s. 15(2), **Sch. 3**
- F26** Words repealed by [British Aerospace Act 1980](#) (c. 26, SIF 64), s. 15(2), **Sch. 3**

Marginal Citations

- M5** 1972 c. 63.
- M6** 1972 c. 63.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

12 Loans by the Secretary of State to the Corporations.

- (1) Without prejudice to his powers under any other enactment, the Secretary of State may, with the approval of the Treasury, lend to either Corporation any sums which it has power to borrow from him under section 11 above and the Treasury may issue to the Secretary of State out of the National Loans Fund any sums necessary to enable the Secretary of State to make loans in pursuance of this subsection.
- (2) Any loans made in pursuance of subsection (1) above shall be repaid to the Secretary of State at such times and by such methods, and interest on the loans shall be paid to him at such times and at such rates, as he may, with the approval of the Treasury, from time to time direct.
- (3) All sums received by the Secretary of State in pursuance of subsection (2) above shall be paid into the National Loans Fund.
- (4) The Secretary of State shall prepare in respect of each financial year ^{F27}... accounts (^{F27}...relating to British Shipbuilders) of—
 - (a) the sums issued to him in pursuance of subsection (1) above and the sums received by him in pursuance of subsection (2) above and of the disposal by him of those sums; and
 - (b) the public dividend capital received and the public dividend paid by the Corporation.
- (5) The Secretary of State shall send each of the accounts referred to in subsection (4) above to the Comptroller and Auditor General before the end of the month of November next following the end of the financial year to which it relates; and the Comptroller and Auditor General shall examine, certify and report on each of the accounts and lay copies of each and of his report thereon before each House of Parliament.
- (6) The form of the accounts prepared in pursuance of subsection (4) above and the manner of preparing them shall be such as the Treasury may direct.

Textual Amendments

F27 Words in s. 12(4) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Modifications etc. (not altering text)

C6 S. 12(2)–(6) modified by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 10(1), [Sch. 2 para. 1](#)

13 Treasury guarantees.

- (1) The Treasury may guarantee, in such manner and on such conditions as they think fit, the repayment of the principal of [^{F28}the payment of interest on and the discharge of any other financial obligation in connection with] any sums which either Corporation borrows from a person other than the Secretary of State.
- (2) Immediately after a guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament; and where any sum is issued for fulfilling the guarantee so given the Treasury shall, as soon as possible after the end of each financial year (beginning with that in which the sum is issued and ending with that in which all liability in respect of the principal of the sum and in

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Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

respect of interest thereon is finally discharged), lay before each House of Parliament a statement relating to that sum.

- (3) Any sums required by the Treasury for fulfilling a guarantee under this section shall be charged on and issued out of the Consolidated Fund.
- (4) If any sums are issued in fulfilment of a guarantee given under this section, the Corporation . . . ^{F29} shall make to the Treasury, at such times and in such manner as the Treasury may from time to time direct, payments of such amounts as the Treasury so direct in or towards repayment of the sums so issued and payments of interest, at such rate as the Treasury so direct, on what is outstanding for the time being in respect of sums so issued.
- (5) Any sums received by the Treasury in pursuance of subsection (4) above shall be paid into the Consolidated Fund.

Textual Amendments

F28 Words substituted by [Miscellaneous Financial Provisions Act 1983 \(c. 29, SIF 99:1\)](#), s. 4(1), [Sch. 2](#)

F29 Words repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 2](#), [Sch. 3](#)

14 Transfer to Corporations of rights and obligations with respect to certain government loans.

- (1) ^{F30}
- (2) On the shipbuilding industry vesting date any rights or obligations of the Secretary of State in existence on that date with respect to any loan which—
 - (a) falls within subsection (3) below, and
 - (b) was made to a company which comes into public ownership as, or as the wholly owned subsidiary of, a company the securities of which vest in British Shipbuilders,
 shall, by virtue of this section, become rights or obligations of British Shipbuilders.
- (3) The loans referred to in subsections (1) and (2) above are—
 - (a) ^{F30}
 - (b) loans under section 5 of the ^{M7}Science and Technology Act 1965 (support of scientific research, etc.);
 - (c) loans under section 4 of the ^{M8}Shipbuilding Industry Act 1967 (loans by the Shipbuilding Industry Board, the rights and obligations under which vested in the Secretary of State under section 9(3) of that Act);
 - (d) ^{F30}
 - (e) loans under Part II of the ^{M9}Industry Act 1972 (financial assistance for industry); and
 - (f) a loan of £4½ million made in 1971 to Yarrow (Shipbuilders) Limited and in respect of which a supplementary sum was included in Vote 7 in Part 15 of Schedule (B) to the ^{M10}Appropriation Act 1971.

Textual Amendments

F30 S. 14(1)(3)(a)(d) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#)

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Marginal Citations

- M7** 1965 c. 4.
M8 1967 c. 40.
M9 1972 c. 63.
M10 1971 c. 67.

15 The commencing capital of each Corporation.

- (1) As soon as possible after the passing of this Act, the Secretary of State shall by notice in writing given to each Corporation—
- (a) specify as the commencing capital of the Corporation such amount as he may with the approval of the Treasury determine, and
 - (b) specify the amount of that commencing capital which, with the approval of the Treasury, he determines is to be treated for the purposes of this Act as public dividend capital received by the Corporation,
- and so much of the commencing capital of a Corporation as is not specified as mentioned in paragraph (b) above is in this section referred to as “the commencing debt” of the Corporation.
- (2) The commencing capital of a Corporation shall not exceed the aggregate of—
- (a) the amount determined by the Secretary of State, with the approval of the Treasury, to be necessary to recoup the Crown expenses and liabilities incurred by reason of the provisions of section 35 below and paragraph 3 of Schedule 4 to this Act; and
 - (b) the amount determined by the Secretary of State with the approval of the Treasury as being the amount that would have been necessary to recoup the Crown expenses and liabilities which would have been so incurred in relation to such of the securities vested in the Corporation by virtue of Part II of this Act as—
 - (i) were held by or on behalf of the Crown immediately before they were so vested, and
 - (ii) do not relate to any loan to which . . . ^{F31} subsection (2) of section 14 above applies, if those securities had not been held as mentioned in sub-paragraph (i) above; and
 - (c) ^{F32}
 - (d) in the case of British Shipbuilders, the aggregate of the principal outstanding on the shipbuilding industry vesting date in respect of the loans to which section 14(2) above applies.
- (3) On the relevant vesting date each Corporation shall assume a liability to the Secretary of State in respect of the commencing capital of the Corporation.
- (4) The rate of interest payable on so much of the principal of the commencing debt of a Corporation as is for the time being outstanding, the date from which interest is to begin to accrue, the arrangements for paying off the principal of the debt, and the other terms of the debt shall be such as the Secretary of State may, with the approval of the Treasury, from time to time determine; and different rates and dates may be determined under this subsection with respect to different portions of the commencing debts.
- (5) Any sums received by the Secretary of State by way of interest on or repayment of the commencing debt of a Corporation shall be paid into the National Loans Fund.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Textual Amendments

F31 Words repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#)

F32 S. 15(2)(c) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#)

Modifications etc. (not altering text)

C7 S. 15(4) modified by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 10(1), [Sch. 2 para. 2\(2\)](#)

16 Public dividend capital and public dividends.

- (1) Subject to section 11 above, the Secretary of State may with the approval of the Treasury pay to either Corporation such sums (in this Act referred to as “public dividend capital”) as he thinks fit.
- (2) In consideration of receiving public dividend capital, each Corporation shall make payments to the Secretary of State (in this Act referred to as “public dividends”) in accordance with subsection (4) or subsection (5) below.
- (3) Each Corporation shall, in respect of each of its accounting years, decide whether or not to propose to the Secretary of State to pay any public dividend and, if it decides to make such a proposal, the amount it proposes to pay.
- (4) If either Corporation makes a proposal under subsection (3) above in respect of an accounting year of the Corporation and the proposal is agreed by the Secretary of State with the consent of the Treasury, the Corporation shall in respect of that accounting year pay a public dividend of the amount so proposed.
- (5) If, in respect of any of its accounting years,—
 - (a) a corporation makes no proposal under subsection (3) above, or
 - (b) a proposal by a Corporation under that subsection is not agreed as mentioned in subsection (4) above,
 the Corporation shall, in respect of that accounting year, pay a public dividend of such amount, if any, as the Secretary of State may determine with the consent of the Treasury and after consultation with the Corporation.
- (6) Any sums required by the Secretary of State for making payments of public dividend capital shall be defrayed out of moneys provided by Parliament, and any public dividends received by him shall be paid into the Consolidated Fund.

17 Accounts and audit.

- (1) Subject to the following provisions of this section, it shall be the duty of each Corporation—
 - (a) to keep proper accounts and proper records in relation thereto,
 - (b) to prepare in respect of each accounting year of the Corporation a statement of accounts giving a true and fair view of the state of affairs and profit or loss of the Corporation, and
 - (c) to prepare in respect of each accounting year of the Corporation such a statement or statements of consolidated accounts dealing with, and giving a true and fair view of the state of affairs and profit or loss of,—
 - (i) the Corporation and all of its [^{F33}subsidiary undertakings] (in this section referred to as “the group”), or

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Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- (ii) some but not all the members of the group,
as the Corporation may determine and the Secretary of State and the Treasury may for the time being approve.
- (2) If the Secretary of State with the consent of the Treasury so requires a Corporation by notice in writing, the Corporation shall, in respect of any accounting year of the Corporation to which the notice relates, comply with its obligation under subsection (1)(c) above, so far as it relates to those members of the group which are specified in the notice, by preparing a statement of consolidated accounts dealing with the members of the group specified in the notice and giving a true and fair view of their state of affairs and profit or loss.
- (3) Every statement of accounts prepared by a Corporation in accordance with this section shall comply with any requirement which the Secretary of State has, with the consent of the Treasury, notified in writing to the Corporation relating to—
- (a) the information to be contained in the statement;
 - (b) the manner in which that information is to be presented; and
 - (c) the methods and principles according to which the statement is to be prepared.
- (4) Subject to any requirement notified to the Corporation under subsection (3) above, in preparing any statement of accounts in accordance with this section, each Corporation shall follow, with respect to each of the matters specified in paragraphs (a) to (c) of that subsection, such course as may for the time being be approved by the Secretary of State with the consent of the Treasury.
- (5) The first accounting year of each Corporation shall end on such date as the Secretary of State may direct in relation to that Corporation and, subject to subsection (6) below, each subsequent accounting year of each Corporation shall be the period of 12 months beginning immediately after the end of the previous accounting period.
- (6) If the Secretary of State so directs in relation to an accounting year of either Corporation, that accounting year shall end on such date as may be specified in the direction (whether before or after the date on which it would otherwise expire).
- (7) The accounts kept, and all statements prepared, by a Corporation under this section shall be audited by auditors appointed for each accounting year of the Corporation by the Secretary of State.
- ^{F34}[(8) A person shall not be appointed under subsection (7) above unless he is eligible for appointment as a ^{F35}statutory auditor under Part 42 of the Companies Act 2006].]
- (9) As soon as the accounts kept, and the statements prepared, by a Corporation under this section have been audited, the Corporation shall send to the Secretary of State—
- (a) a copy of the statements, and
 - (b) copies of the statements of accounts for such of its ^{F36}subsidiary undertakings] as the Corporation may, with the approval of the Secretary of State and the consent of the Treasury, determine, and
 - (c) if the Secretary of State with the consent of the Treasury so requires by notice in writing, copies of the statements of accounts for each ^{F36}subsidiary undertaking] of the Corporation which is specified in the notice,
- together with a copy of any report made by the auditors on the statements or on the accounts of the Corporation; and the Secretary of State shall lay a copy of every statement and report of which a copy is received by him in pursuance of this subsection before each House of Parliament.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

[^{F37}(10) In this section “subsidiary undertaking” has the same meaning as in [^{F38}the Companies Acts (see section 1162 of, and Schedule 7 to, the Companies Act 2006)].]

Textual Amendments

- F33** Words substituted by [Companies Act 1989](#) (c. 40, SIF 27), s. 23, **Sch. 10 para. 28(2)** (subject to the transitional and saving provisions in [S.I. 1990/355](#), art. 8, **Sch. 3 para. 1** and [S.I. 1990/1392](#), **arts. 2(d)**, 6)
- F34** S. 17(8) substituted (1.10.1991) by [S.I. 1991/1997](#), reg 2, **Sch. para.29** (with reg. 4)
- F35** Words in s. 17(8) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008](#) (S.I. 2008/948), art. 2(2), **Sch. 1 para. 1(q)** (with arts. 6, 11, 12)
- F36** Words substituted by [Companies Act 1989](#) (c. 40, SIF 27), s. 23, **Sch. 10 para. 28(3)** (subject to the transitional and saving provisions in [S.I. 1990/355](#), art. 8, **Sch. 3 para. 1** and [S.I. 1990/1392](#), **art. 6**)
- F37** S. 17(10) added by [Companies Act 1989](#) (c. 40, SIF 27), s. 23, **Sch. 10 para. 28(4)** (subject to the transitional and saving provisions in [S.I. 1990/355](#), art. 8, **Sch. 3 para. 1** and [S.I. 1990/1392](#), **art. 6**)
- F38** Words in s. 17(10) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008](#) (S.I. 2008/948), art. 2(2), **Sch. 1 para. 45** (with arts. 6, 11, 12)

18 Annual report.

- (1) It shall be the duty of each Corporation to make to the Secretary of State, as soon as possible after the end of each of its accounting years, a report on the operations of the Corporation and its wholly owned subsidiaries during that year.
- (2) The report of a Corporation under subsection (1) above for any accounting year shall set out any direction under this Act given to it during that year by the Secretary of State unless the Secretary of State has given a notice concerning it under section 4(5) above and has not revoked it.
- (3) The Secretary of State may at any time revoke a notice under section 4(5) above by notice given to the Corporation concerned.
- [^{F39}(3A) The report for any accounting year shall also set out any consent given by the Secretary of State to British Shipbuilders during that year under subsection (2) of section 4A above and shall include a general account of the changes in organisation made during that year by virtue of any consent of his given in that or in any earlier accounting year under that subsection.]
- (4) ^{F40}
- ^{F41}(5)
- (6) The Secretary of State shall lay before each House of Parliament a copy of every report made to him under subsection (1) above.

Textual Amendments

- F39** S. 18(3A) inserted by [British Shipbuilders Act 1983](#) (c. 15, SIF 64), s. 2(3)
- F40** S. 18(4) repealed by [British Aerospace Act 1983](#) (c. 15, SIF 64), s. 3(3), **Sch.**
- F41** S. 18(5) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004](#) (c. 14), **Sch. 1 Pt. 16** Group 1

Modifications etc. (not altering text)

- C8** S. 18(5) excluded by [British Aerospace Act 1980](#) (c. 26, SIF 64), s. 10(6)(b)

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

C9 S. 18(5) restricted by [Industry Act 1980 \(c. 33, SIF 64\), s. 20](#)

PART II

VESTING OF SECURITIES AND OTHER ASSETS IN THE CORPORATIONS AND ACQUIRED COMPANIES

Acquisition of securities and assets

19 Vesting in British Aerospace or British Shipbuilders of securities of Scheduled companies.

- (1) Subject to the provisions of this Part of this Act, on the aircraft industry vesting date all securities of the companies which on 29th October 1974 were known by the names specified on Part I of Schedule 1 to this Act, being the companies other than any excepted company which on that date fulfilled the conditions in Part II of that Schedule, shall, by virtue of this section, vest in British Aerospace free from all trusts and incumbrances.
- (2) Subject to the provisions of this Part of this Act, on the shipbuilding industry vesting date, all securities of the companies which on 31st July 1974 were known by the names specified in Part I of Schedule 2 to this Act, being the companies other than any excepted company which on that date fulfilled the conditions in Part II of that Schedule, shall, by virtue of this section, vest in British Shipbuilders free from all trusts and incumbrances.
- (3) Each Corporation shall, in respect of the securities of any company which vest in it by virtue of this Part of this Act, be entitled or subject, as from the date of transfer, to the exclusion of the previous holders thereof, to all the rights, privileges and advantages and all the liabilities and obligations arising from the holding of those securities, in all respects as if the securities had been duly transferred to the Corporation in accordance with the enactments and rules of law (other than this Act) applicable thereto and everything necessary to make those rights, privileges, advantages, liabilities and obligations fully effective had been duly done.
- (4) Without prejudice to subsection (3) above, all persons concerned with the keeping of the register of the holders of any such securities as are referred to in that subsection shall forthwith register the relevant Corporation therein and the company concerned shall forthwith issue to that Corporation the appropriate documents of title relating to the securities of the company which vest in that Corporation by virtue of this Part of this Act.
- (5) In this section—
 - “excepted company” means any company—
 - (a) which before 21st November 1975 a court has ordered to be wound up;
or
 - (b) which before that day has passed a resolution for voluntary winding up;
or
 - (c) of whose property a receiver has been appointed before that date; and
 - “securities”, in relation to a company, does not include any security forming part of the loan capital of the company, the terms of which enable it to be

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redeemed, either without notice or upon not more than one year's notice, at a price not exceeding the nominal amount of the security together with any outstanding interest, at any time after the creation of the security or the expiry of a period not exceeding one year after the creation of the security.

Modifications etc. (not altering text)

C10 29.4.1977 appointed under s. 56(1) as aircraft industry vesting date by [S.I. 1977/539](#), **art. 2**

C11 1.7.1977 appointed under s. 56(1) as shipbuilding industry vesting date by [S.I. 1977/540](#), **art. 2**

20 Vesting in acquired company of certain assets of privately-owned companies in same group.

- (1) Subject to subsection (5) below, where immediately before the date of transfer an acquired company was the wholly owned subsidiary of the person from whom it was acquired, any property, rights or liabilities to which this subsection applies shall vest in the acquired company on the date of transfer of the company.
- (2) The property, rights and liabilities to which subsection (1) above applies are any property, rights and liabilities of an associated privately owned company which—
 - (a) satisfy a vesting condition for the purposes of this section, and
 - (b) would remain vested in the associated privately owned company but for this section.
- (3) Property, rights and liabilities satisfy a vesting condition for the purposes of this section if—
 - (a) they are wholly appurtenant to the undertaking carried on by the acquired company, or
 - (b) they are mainly appurtenant to property, rights or liabilities which are wholly appurtenant to that undertaking, or
 - (c) they cannot reasonably be severed from property, rights or liabilities of the acquired company or property, rights or liabilities such as are mentioned in paragraph (a) or (b) above.
- (4) In the application of subsections (1) to (3) above in a case where the acquired company fulfils the criteria in paragraph 2 of Part II of Schedule 2 to this Act, the references in subsection (3) above to the undertaking carried on by the acquired company shall be construed as references to the shipbuilding undertaking carried on at a shipyard or other works in which the acquired company had an interest in possession on 31st July 1974.
- (5) The rights and liabilities under any agreement for the rendering of personal services by any person shall be vested in the acquired company by virtue of this section if, and only if, immediately before the date of transfer, his employment under the agreement was wholly or mainly for the purposes of the undertaking carried on as mentioned in subsection (3) or, as the case may require, subsection (4) above.
- (6) The provisions of Schedule 3 to this Act shall have effect for supplementing the preceding provisions of this section.
- (7) In this section and Schedule 3 to this Act—

“associated privately owned company” means any privately owned company which immediately before the date of transfer was the holding

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Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

company of an acquired company or the wholly owned subsidiary of a company whose securities do not vest but which was the holding company of an acquired company; and

“privately owned company” means a company whose securities do not vest, and which is not a subsidiary of a company whose securities vest, in either of the Corporations by virtue of this Part of this Act.

^{F42}**21 Certain loans from associated persons to be treated as securities.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**22 Determination of rights to require the issue of securities or to nominate directors.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Payments of dividend and interest

^{F42}**23 Control of dividends and interest.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**24 Permitted dividends and interest.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**25 Final payments of dividend and interest.**

.....

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Safeguarding of assets, avoidance of certain transactions, etc.

^{F42}**26 Power to acquire securities of certain additional companies.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**27 Removal of company from companies to be acquired.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**28 Prohibition of transfer of certain works.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**29 Recovery of assets transferred away.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**30 Dissipation of assets by transactions involving holders of securities etc.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

^{F42}31 Onerous transactions: disclaimer and recovery of losses.

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}32 Provisions supplementary to section 31.

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}33 Supplementary provisions relating to dissipation of assets.

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}34 Approvals and undertakings given before passing of Act.

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Compensation

^{F42}35 Compensation for vesting of securities.

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}36 Payment of compensation.

.....

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**37 Base value of securities of a listed class.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**38 Base value of other securities.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

^{F42}**39 The appropriate deduction.**

.....

Textual Amendments

F42 Ss. 21-39 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

40 General provisions as to compensation stock.

- (1) Compensation stock shall bear such rate of interest and be subject to such conditions as to repayment, redemption and other matters as the Treasury may determine.
- (2) The Treasury may by regulations made by statutory instrument make provision as to the issue of compensation stock by the Bank of England.
- (3) Regulations under subsection (2) above may contain such incidental or supplementary provisions as the Treasury consider appropriate.
- (4) The Corporation in which any securities become vested shall be liable to indemnify the Bank of England against any loss suffered by them arising out of, or in connection with, the issue of compensation stock in respect of the vesting of those securities.
- (5) Any expenses incurred in connection with the issue or repayment of compensation stock shall be charged on and issued out of the National Loans Fund.
- (6) References in the preceding provisions of this section to compensation stock include references to stock issued by way of compensation in accordance with paragraph 5 of Schedule 4 to this Act.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Modifications etc. (not altering text)

- C12** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that ss. 40(4) and 41(4) are repealed in relation to British Aerospace and that any reference in those provisions (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say, British Shipbuilders)

^{F43}**41 Stockholders' representatives.**

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Textual Amendments

- F43** [S. 41](#) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

PART III

MISCELLANEOUS AND GENERAL

Arbitration and the Arbitration Tribunal

42 The arbitration tribunal.

- (1) For the purpose of determining—

- (a) any question or dispute which, under any provision of this Act, is expressly required to be determined by or is referred to “arbitration under this Act”, or
- (b) any matter in respect of which jurisdiction is given to the arbitration tribunal under this Act,

there shall be established a tribunal called the Aircraft and Shipbuilding Industries Arbitration Tribunal (in this Act referred to as “the arbitration tribunal”).

- (2) The arbitration tribunal shall be a court of record and shall have an official seal which shall be judicially noticed.

- [^{F44}(2A) The arbitration tribunal shall either sit as a single tribunal or sit in two or more divisions, as the Lord Chancellor may direct after consulting all of the following—

- (a) the Lord Chief Justice of England and Wales;
- (b) the Lord President of the Court of Session;
- (c) the Lord Chief Justice of Northern Ireland.]

- (3) [^{F45}For the hearing of any proceedings, the arbitration tribunal shall, subject to subsection (4) below, consist of]—

- (a) a president who shall be

[^{F46}(i) a person who has a 7 year general qualification, within the meaning of section 71 of the Courts and Legal Services Act 1990; or

(ii) a member of the Bar of Northern Ireland or [^{F47}solicitor of the Court of Judicature of Northern Ireland]of at least 7 years' standing.]

appointed by the Lord Chancellor, and

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- (b) two other members appointed by the Secretary of State, after consultation with all the stockholders' representatives, one being a person of experience in business and the other being a person of experience in finance.
- (4) In its application to proceedings which, by virtue of this Act, are to be treated as Scottish proceedings, subsection (3) above shall have effect with the substitution, for paragraph (a) thereof, of the following paragraph:—

“(a) a president who shall be an advocate or solicitor of not less than 7 years' standing who has practised in Scotland and who shall be appointed by the Lord President of the Court of Session”.
- (5) [^{F48}Subject to subsection (5A) below,] the members of the arbitration tribunal shall hold office for such period as may be determined at the time of their respective appointments and shall be eligible for re-appointment but, notwithstanding that the period for which a member was appointed has not expired,—
 - (a) a member may, at any time by not less than one month's notice in writing to his appointor, resign his office;
 - (b) the appointor of a member may declare the office of that member vacant on the ground that [^{F49}he is unfit to continue in office.]
 - ^{F50}(c)
- [^{F51}(5A) No appointment of a person to be the president of the arbitration tribunal shall be such as to extend beyond the day on which he attains the age of 70; but this subsection is subject to section 26(4) to (6) of the Judicial Pensions and Retirement Act 1993 (power to authorise continuance in office up to the age of 75).]
- (6) If any member of the arbitration tribunal becomes, by reason of illness or other infirmity, temporarily incapable of performing the duties of his office, his appointor shall appoint some other fit person to discharge his duties for any period not exceeding 6 months at one time, and the person so appointed shall during that period have the same powers as the person in whose place he was appointed.
- (7) The provisions of Schedule 7 to this Act shall have effect with respect to the proceedings of the arbitration tribunal and matters relating thereto.
- (8) In this section “appointor”, in relation to a member of the arbitration tribunal, means—
 - (a) in the case of a member appointed under paragraph (a) of subsection (3) above, the Lord Chancellor or, if subsection (4) above applies, the Lord President of the Court of Session; and
 - (b) in the case of any other member, the Secretary of State.
- [^{F52}(8A) Where the appointor is, by virtue of subsection (8)(a), the Lord Chancellor, the power conferred by subsection (5)(b) may be exercised only with the concurrence of the appropriate senior judge.
- (8B) The appropriate senior judge is the Lord Chief Justice of England and Wales, unless the member whose office is to be declared vacant exercises functions wholly or mainly in Northern Ireland, in which case it is the Lord Chief Justice of Northern Ireland.]
- (9) In the ^{M11}House of Commons Disqualification Act 1975 and in the ^{M12}Northern Ireland Assembly Disqualification Act 1975, in Part II of Schedule 1 (bodies of which all members are disqualified), there shall be inserted at the appropriate point the words —
“ The Aircraft and Shipbuilding Industries Arbitration Tribunal ”.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

^{F53}(10)

[^{F54}(11) The Lord Chief Justice of England and Wales may nominate a judicial office holder (as defined in section 109(4) of the Constitutional Reform Act 2005) to exercise his functions under subsection (2A)(a).

(12) The Lord President of the Court of Session may nominate a judge of the Court of Session who is a member of the First or Second Division of the Inner House of that Court to exercise his functions under subsection (2A)(b).

(13) The Lord Chief Justice of Northern Ireland may nominate any of the following to exercise his functions under subsection (2A)(c)—

- (a) the holder of one of the offices listed in Schedule 1 to the Justice (Northern Ireland) Act 2002;
- (b) a Lord Justice of Appeal (as defined in section 88 of that Act).]

Textual Amendments

F44 S. 42(2A) inserted (3.4.2006) by [Constitutional Reform Act 2005 \(c. 4\)](#), s. 148(1), [Sch. 4 para. 89\(2\)](#); [S.I. 2006/1014](#), art. 2(a), [Sch. 1 para. 11\(e\)](#)

F45 Words in s. 42(3) substituted (3.4.2006) by [Constitutional Reform Act 2005 \(c. 4\)](#), s. 148(1), [Sch. 4 para. 89\(3\)](#); [S.I. 2006/1014](#), art. 2(a), [Sch. 1 para. 11\(e\)](#)

F46 S. 42(3)(a)(i)(ii) substituted for words by [Courts and Legal Services Act 1990 \(c. 41, SIF 37\)](#), s. 71(2), [Sch. 10 para. 40](#)

F47 Words in Blanket Amendment substituted (1.10.2009) by [Constitutional Reform Act 2005 \(c. 4\)](#), s. 148(1), [Sch. 11 para. 5](#); [S.I. 2009/1604](#), art. 2(d)

F48 Words in s. 42(5) inserted (31.3.1995) by 1993, c. 8, s. 26, Sch. 6 para.47; [S.I. 1995/631](#), art. 2.

F49 Words in s. 42(5)(b) substituted (29.6.2006) by [Enterprise Act 2002 \(Disqualification from Office: General\) Order 2006 \(S.I. 2006/1722\)](#), art. 1(1), [Sch. 2 para. 2\(a\)](#)

F50 S. 42(5)(c) omitted (29.6.2006) by virtue of [Enterprise Act 2002 \(Disqualification from Office: General\) Order 2006 \(S.I. 2006/1722\)](#), art. 1(1), [Sch. 2 para. 2\(b\)](#)

F51 S. 42(5A) inserted (31.3.1995) by 1993, c. 8, s. 26, Sch. 6 para. 47; [S.I. 1995/631](#), art. 2.

F52 S. 42(8A)(8B) inserted (3.4.2006) by [Constitutional Reform Act 2005 \(c. 4\)](#), s. 148(1), [Sch. 4 para. 89\(4\)](#); [S.I. 2006/1014](#), art. 2(a), [Sch. 1 para. 11\(e\)](#)

F53 S. 42(10) repealed (1.10.1992) by [Tribunals and Inquiries Act 1992 \(c. 53\)](#), ss. 18(2), 19(2), [Sch. 4 Pt. I](#)

F54 S. 42(11)-(13) inserted (3.4.2006) by [Constitutional Reform Act 2005 \(c. 4\)](#), s. 148(1), [Sch. 4 para. 89\(5\)](#); [S.I. 2006/1014](#), art. 2(a), [Sch. 1 para. 11\(e\)](#)

Modifications etc. (not altering text)

C13 The text of s. 42(9) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals made prior to 1.2.1991.

Marginal Citations

M11 [1975 c. 24](#).

M12 [1975 c. 25](#).

43 Scottish proceedings.

- (1) Where any such question, dispute or matter as is referred to in section 42(1) above arises out of or in connection with the vesting of the securities or of any property,

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rights or liabilities of any company or in connection with the recovery of assets of any company or in connection with any transactions of any company and either—

- (a) the company's principal United Kingdom place of business, or
- (b) the place of the company's principal United Kingdom works,

is situated in Scotland, then, subject to subsection (3) below, the proceedings before the tribunal in respect of the question, dispute or matter shall be treated as Scottish proceedings.

- (2) If, at any stage in any proceedings before the arbitration tribunal which would not otherwise fall to be treated as Scottish proceedings, the tribunal are satisfied that, by reason of the fact that questions of Scottish law arise, or for any other reason, the proceedings ought thereafter to be treated as Scottish proceedings, the tribunal may order that they shall thereafter be so treated and the provisions of this Act shall have effect accordingly.
- (3) If, at any stage in any proceedings before the arbitration tribunal which would otherwise be treated as Scottish proceedings, the tribunal are satisfied that, by reason of the fact that questions of English law arise or for any other reason, the proceedings ought not to be treated as Scottish proceedings, they may make an order that the proceedings shall thereafter not be treated as Scottish proceedings and the provisions of this Act shall have effect accordingly.

44 Staff and expenses of arbitration tribunal.

- (1) The arbitration tribunal may appoint such staff as they consider necessary for assisting them in the proper execution of their duties.
- (2) There shall be paid to the members of the arbitration tribunal such remuneration (whether by way of salaries or fees) and such allowances as the Secretary of State may, with the approval of the Minister for the Civil Service, determine.
- (3) There shall be paid to any staff appointed under subsection (1) above and any person to whom proceedings are referred by the arbitration tribunal under paragraph 13 of Schedule 7 to this Act for inquiry and report such remuneration (whether by way of salary or fees) and such allowances as the arbitration tribunal may determine.
- (4) Any such remuneration and allowances as are referred to above and any other expenses of the arbitration tribunal shall be defrayed in the first instance by the Secretary of State out of money provided by Parliament, but the amounts from time to time so paid by the Secretary of State shall be repaid to him on demand by such one of the Corporations as he may determine or, where he considers it appropriate in the case of any amount, by the two Corporations in such proportions as he may determine.
- (5) Any sums repaid to the Secretary of State under subsection (4) above shall be paid into the Consolidated Fund.

Modifications etc. (not altering text)

- C14** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that s. 44(4) is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say, British Shipbuilders)

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

The Corporations

45, 46. F55

Textual Amendments

F55 Ss. 45, 46 repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#)

47 **Right of persons to object to practices of British Shipbuilders or their wholly owned subsidiaries.**

- (1) Subsections (3) to (6) below shall have effect where a person engaged in shipbuilding, other than—

- (a) British Shipbuilders, or
- (b) one of its wholly owned subsidiaries, or
- (c) a body corporate the whole of whose equity share capital is held by or on behalf of the Crown,

makes to the Secretary of State a written complaint that a practice employed by British Shipbuilders or one of its wholly owned subsidiaries in relation to that or those activities is unfair to the complainant for a reason specified in the complaint.

- (2) Subsections (3) to (6) below shall also have effect where a person engaged in shiprepairing, other than—

- (a) British Shipbuilders, or
- (b) one of its wholly owned subsidiaries, or
- (c) a body corporate the whole of whose equity share capital is held by or on behalf of the Crown,

makes to the Secretary of State a written complaint that a practice employed by British Shipbuilders or one of its wholly owned subsidiaries in relation to the provision of shiprepairing services is unfair to the complainant for a reason specified in the complaint.

In this subsection “shiprepairing” includes refitting, converting or maintaining ships, and “the provision of shiprepairing services” has a corresponding meaning.

- (3) The Secretary of State shall forthwith after receiving the complaint send a copy of it to British Shipbuilders and, after such period for consideration of, and comment upon, the complaint by British Shipbuilders as the Secretary of State thinks reasonable has elapsed, shall send to the complainant a statement of any comments made by British Shipbuilders on the complaint and, if he is of opinion—

- (a) that the complaint raises a question of substance, and
- (b) that the complainant has a reasonable case to make in support of it,

shall afford the complainant and the Corporation an opportunity of making representations in relation to the matter to a person appointed by the Secretary of State.

- (4) The Secretary of State shall consider the report of the person appointed under subsection (3) above and, if it appears to him that the practice complained of is unfair to the complainant, shall give British Shipbuilders such directions as appear to him to be requisite to secure the removal of the ground on which it is unfair.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- (5) The Secretary of State shall furnish the complainant with a statement of any such directions.
- (6) When a complainant avails himself of the right to make representations conferred by subsection (3) above, the Secretary of State shall furnish the complainant and British Shipbuilders each with a copy of the report of the person appointed under that subsection, and a statement of the conclusions reached by the Secretary of State on considering the report.

48 **Duty of the Corporations to consult etc. with Northern Ireland state-controlled bodies.**

- (1) In carrying out their . . . ^{F56} functions, . . . ^{F56} British Shipbuilders shall . . . ^{F56} have full regard to the need to consult, and wherever possible co-ordinate their activities with those of, any company incorporated in Northern Ireland which is engaged in one or more of the relevant activities and at any general meeting of which the Crown is entitled to exercise or to control the exercise of at least one third of the voting power.
- (2) In subsection (1) above “relevant activities” means—
 - (a) ^{F57}
 - (b) in relation to British Shipbuilders, the activities specified in [^{F58}section 3(1)(a) and (b) above].

Textual Amendments

F56 Words repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), **Sch. 3**

F57 S. 48(2)(a) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), **Sch. 3**

F58 Words substituted by [British Aerospace Act 1983 \(c. 15, SIF 64\)](#), s. 1(5)

Modifications etc. (not altering text)

C15 S. 48 amended by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 10(1)

Pensions etc.

49 **Provisions as to pension rights. E+W+S**

- (1) Each Corporation may, in the case of such of the persons who are or have been employed by the Corporation or any of its wholly owned subsidiaries as it may determine,—
 - (a) pay such pensions to or in respect of those persons,
 - (b) make such payments towards the provision of such pensions, or
 - (c) establish and maintain such schemes for the payment of such pensions,
 as it may determine.
- (2) A scheme under subsection (1) above may provide that, subject to subsection (3) below, where a person participating in the scheme as an employee of a Corporation or any of its wholly owned subsidiaries becomes a member of that Corporation, his service as a member shall be treated for the purposes of the scheme as if it were service as an employee.

Status: Point in time view as at 22/04/2011.

Changes to legislation: *There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)*

- (3) To the extent that a scheme under subsection (1) above provides that any description of benefit may, or may in particular circumstances, be conferred on a person only on the request or with the consent of a Corporation, the scheme may not make the provision referred to in subsection (2) above unless it also provides that, except with the approval of the Secretary of State and the Minister for the Civil Service, no such request or consent shall be made or given in the case of a benefit for or in respect of a member of the Corporation.
- (4) Subject to subsection (6) below, the Secretary of State may by regulations made by statutory instrument, subject to annulment in pursuance of a resolution of either House of Parliament, make, in relation to any pension scheme not made under subsection (1) above (in this section referred to as an “existing scheme”) which provides for pensions to or in respect of persons who are or have been employed by a company which becomes a wholly owned subsidiary of either Corporation, such provision as appears to him to be expedient in consequence of its having become such a subsidiary.
- (5) Without prejudice to the generality of subsection (4) above, regulations under that subsection may make provision—
- (a) for the complete or partial amalgamation of existing schemes either with other such schemes or with schemes established under subsection (1) above;
 - (b) for amending, repealing or revoking any existing schemes, any enactment relating to an existing scheme or to a scheme resulting from an amalgamation under paragraph (a) above or any trust deed, rules or other instrument made for the purposes of an existing scheme or of a scheme resulting from such an amalgamation;
 - (c) for the complete or partial transfer of liabilities and obligations under existing schemes or for reducing or extinguishing such liabilities or obligations;
 - (d) for the complete or partial transfer, or the winding-up, of any pension fund held for the purposes of an existing scheme; and
 - (e) for supplemental or consequential matters.
- (6) Nothing in subsection (4) or (5) above shall authorise the making of provision for the diversion of any pension fund to purposes other than the payment of pensions to or in respect of persons to whom subsection (1) above applies.
- (7) Subject to subsection (8) below, regulations under subsection (4) above shall be so framed as to secure that persons having pension rights under an existing scheme, whether such persons as are mentioned in subsection (1) of this section or not, are not placed in any worse position by reason of the regulations.
- (8) Regulations under subsection (4) above may make exceptional provisions to meet cases in which, in connection with any provision made by this Act or in anticipation of the making of any such provision, pension rights have been created otherwise than in the ordinary course.
- (9) Regulations under subsection (4) above shall not be invalid by reason that in fact they fail to secure the result referred to in subsection (7) above but, if the Secretary of State is satisfied that they have failed to secure it, or it is so determined as hereinafter mentioned, the Secretary of State shall as soon as possible make the necessary amending regulations.
- (10) Any question whether or not the result referred to in subsection (7) above has been secured by regulations under subsection (4) above, including any question whether it has been secured by amending regulations under that subsection made in pursuance

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of subsection (9) above, shall be referred to and determined by [^{F59}an [^{F60}employment tribunal] or, as the case may require, a tribunal established under], [^{F61}Article 3 of the Industrial Tribunals (Northern Ireland) Order 1996].

- (11) Regulations under subsection (4) above may be made so as to have effect from a date prior to the making thereof, so, however, that so much of any regulations as provide that any provision thereof is to have effect from a date prior to the making thereof shall not place any person other than a Corporation or its wholly owned subsidiary in a worse position than he would have been in if the regulations had been made to have effect only as from the date of the making thereof.
- (12) Where, by reason of any provision in regulations made under subsection (4) above, other than a provision expressed to be made to meet a case such as is mentioned in subsection (8) above, loss is suffered by any person who is liable to make contributions or to pay pensions under an existing scheme (other than a wholly owned subsidiary of the relevant Corporation) the relevant Corporation shall pay compensation to that person in respect of the loss, and the amount thereof shall, in default of agreement between the Corporation and that person, be determined by arbitration under this Act.
- (13) ^{F62}
- (14) The power to make regulations under subsection (4) above includes power to provide by those regulations—
- (a) for the determination of questions of fact or of law which may arise in giving effect to the regulations, and
 - (b) for regulating (otherwise than in relation to any court proceedings) any matters relating to the practice and procedure to be followed in connection with the determination of such questions, including—
 - (i) provision as to the mode of proof of any matters,
 - (ii) provision as to parties and their representation,
 - (iii) provision for the right to appear and be heard (as well in court proceedings as otherwise) of the Secretary of State or other authorities, and
 - (iv) provision as to awarding costs of proceedings (other than court proceedings) for the determination of such questions, determining the amount thereof and the enforcement of awards thereof.
- (15) References in this section to employment by a wholly owned subsidiary of a Corporation include references—
- (a) to employment before the date of transfer by a company which becomes such a subsidiary; and
 - (b) to employment under an agreement for the rendering of personal services which ceased to be in force before the date of transfer of a company and under which, had it remained in force on that date, rights or liabilities would, by virtue of section 20 above, have vested in that company.

Extent Information

- E1** This version of this provision extends to England and Wales and Scotland only; a separate version has been created for Northern Ireland only

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Textual Amendments

- F59** Words substituted by [Employment Protection \(Consolidation\) Act 1978 \(c. 44\)](#), [Sch. 16](#), para. 28 and said substitution continued (E.W.S) (22.8.1996) by 1996 c. 17, ss. 43, 46, [Sch. 1 para. 5](#) (with s. 38).
- F60** Words in s. 49(10) substituted (1.8.1998) by 1998 c. 8, [s. 1\(2\)\(a\)](#) (with s. 16(2)); S.I. 1998/1658, art. 2(1), [Sch. 1](#)
- F61** Words in s. 49(10) substituted (24.9.1996) by virtue of S.I. 1996/1921 (N.I. 18), art. 26, [Sch. 1 para. 6](#).
- F62** S. 49(13) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#).

Modifications etc. (not altering text)

- C16** S. 49 amended by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#).

49 Provisions as to pension rights. **N.I.**

- (1) Each Corporation may, in the case of such of the persons who are or have been employed by the Corporation or any of its wholly owned subsidiaries as it may determine,—
- (a) pay such pensions to or in respect of those persons,
 - (b) make such payments towards the provision of such pensions, or
 - (c) establish and maintain such schemes for the payment of such pensions,
- as it may determine.
- (2) A scheme under subsection (1) above may provide that, subject to subsection (3) below, where a person participating in the scheme as an employee of a Corporation or any of its wholly owned subsidiaries becomes a member of that Corporation, his service as a member shall be treated for the purposes of the scheme as if it were service as an employee.
- (3) To the extent that a scheme under subsection (1) above provides that any description of benefit may, or may in particular circumstances, be conferred on a person only on the request or with the consent of a Corporation, the scheme may not make the provision referred to in subsection (2) above unless it also provides that, except with the approval of the Secretary of State and the Minister for the Civil Service, no such request or consent shall be made or given in the case of a benefit for or in respect of a member of the Corporation.
- (4) Subject to subsection (6) below, the Secretary of State may by regulations made by statutory instrument, subject to annulment in pursuance of a resolution of either House of Parliament, make, in relation to any pension scheme not made under subsection (1) above (in this section referred to as an “existing scheme”) which provides for pensions to or in respect of persons who are or have been employed by a company which becomes a wholly owned subsidiary of either Corporation, such provision as appears to him to be expedient in consequence of its having become such a subsidiary.
- (5) Without prejudice to the generality of subsection (4) above, regulations under that subsection may make provision—
- (a) for the complete or partial amalgamation of existing schemes either with other such schemes or with schemes established under subsection (1) above;
 - (b) for amending, repealing or revoking any existing schemes, any enactment relating to an existing scheme or to a scheme resulting from an amalgamation under paragraph (a) above or any trust deed, rules or other instrument made

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- for the purposes of an existing scheme or of a scheme resulting from such an amalgamation;
 - (c) for the complete or partial transfer of liabilities and obligations under existing schemes or for reducing or extinguishing such liabilities or obligations;
 - (d) for the complete or partial transfer, or the winding-up, of any pension fund held for the purposes of an existing scheme; and
 - (e) for supplemental or consequential matters.
- (6) Nothing in subsection (4) or (5) above shall authorise the making of provision for the diversion of any pension fund to purposes other than the payment of pensions to or in respect of persons to whom subsection (1) above applies.
- (7) Subject to subsection (8) below, regulations under subsection (4) above shall be so framed as to secure that persons having pension rights under an existing scheme, whether such persons as are mentioned in subsection (1) of this section or not, are not placed in any worse position by reason of the regulations.
- (8) Regulations under subsection (4) above may make exceptional provisions to meet cases in which, in connection with any provision made by this Act or in anticipation of the making of any such provision, pension rights have been created otherwise than in the ordinary course.
- (9) Regulations under subsection (4) above shall not be invalid by reason that in fact they fail to secure the result referred to in subsection (7) above but, if the Secretary of State is satisfied that they have failed to secure it, or it is so determined as hereinafter mentioned, the Secretary of State shall as soon as possible make the necessary amending regulations.
- (10) Any question whether or not the result referred to in subsection (7) above has been secured by regulations under subsection (4) above, including any question whether it has been secured by amending regulations under that subsection made in pursuance of subsection (9) above, shall be referred to and determined by [^{F84}an industrial tribunal or, as the case may require, a tribunal established under], [^{F85}Article 3 of the Industrial Tribunals (Northern Ireland) Order 1996].
- (11) Regulations under subsection (4) above may be made so as to have effect from a date prior to the making thereof, so, however, that so much of any regulations as provide that any provision thereof is to have effect from a date prior to the making thereof shall not place any person other than a Corporation or its wholly owned subsidiary in a worse position than he would have been in if the regulations had been made to have effect only as from the date of the making thereof.
- (12) Where, by reason of any provision in regulations made under subsection (4) above, other than a provision expressed to be made to meet a case such as is mentioned in subsection (8) above, loss is suffered by any person who is liable to make contributions or to pay pensions under an existing scheme (other than a wholly owned subsidiary of the relevant Corporation) the relevant Corporation shall pay compensation to that person in respect of the loss, and the amount thereof shall, in default of agreement between the Corporation and that person, be determined by arbitration under this Act.
- (13) ^{F86}
- (14) The power to make regulations under subsection (4) above includes power to provide by those regulations—

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Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- (a) for the determination of questions of fact or of law which may arise in giving effect to the regulations, and
 - (b) for regulating (otherwise than in relation to any court proceedings) any matters relating to the practice and procedure to be followed in connection with the determination of such questions, including—
 - (i) provision as to the mode of proof of any matters,
 - (ii) provision as to parties and their representation,
 - (iii) provision for the right to appear and be heard (as well in court proceedings as otherwise) of the Secretary of State or other authorities, and
 - (iv) provision as to awarding costs of proceedings (other than court proceedings) for the determination of such questions, determining the amount thereof and the enforcement of awards thereof.
- (15) References in this section to employment by a wholly owned subsidiary of a Corporation include references—
- (a) to employment before the date of transfer by a company which becomes such a subsidiary; and
 - (b) to employment under an agreement for the rendering of personal services which ceased to be in force before the date of transfer of a company and under which, had it remained in force on that date, rights or liabilities would, by virtue of section 20 above, have vested in that company.

Extent Information

- E3** This version of this provision extends to Northern Ireland only; a separate version has been created for England and Wales and Scotland only

Textual Amendments

- F84** Words substituted by [Employment Protection \(Consolidation\) Act 1978 \(c. 44\)](#), [Sch. 16](#), para. 28 and said substitution continued (E.W.S) (22.8.1996) by [1996 c. 17](#), ss. 43, 46, [Sch. 1 para. 5](#) (with [s. 38](#)).
- F85** Words in s. 49(10) substituted (24.9.1996) by virtue of [S.I. 1996/1921 \(N.I. 18\)](#), art. 26, [Sch. 1 para. 6](#).
- F86** S. 49(13) repealed by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), s. 15(2), [Sch. 3](#).

Modifications etc. (not altering text)

- C24** S. 49 amended by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#).

^{F63} 50 Compensation for loss of employment, emoluments or pension rights. E+W+S

.....

Extent Information

- E2** This version of this provision extends to England and Wales and Scotland only; a separate version has been created for Northern Ireland only

Textual Amendments

- F63** S. 50 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

*Status: Point in time view as at 22/04/2011.**Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)***Modifications etc. (not altering text)**

- C17** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that s. 50 is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say British Shipbuilders)

^{F63}50 Compensation for loss of employment, emoluments or pension rights. N.I.

.....

Extent Information

- E4** This version of this provision extends to Northern Ireland only; a separate version has been created for England and Wales and Scotland only

Textual Amendments

- F63** S. 50 repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Modifications etc. (not altering text)

- C25** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that s. 50 is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say British Shipbuilders)

*Information***^{F64}51 Furnishing of information to the Secretary of State.**

.....

Textual Amendments

- F64** [S. 51](#) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

52 Restriction on disclosure of information.

- (1) No information obtained under section 51 above shall be disclosed except—
- (a) with the consent of the person carrying on the undertaking or business to which related the books, records or other documents from which it was obtained, or
 - (b) for the purpose of enabling a Corporation or the Secretary of State to discharge their functions under this Act, or
 - (c) with a view to the institution of, or otherwise for the purpose of, any criminal proceedings pursuant to, or arising out of, this Act.
- (2) If a disclosure is made by a person in contravention of subsection (1) above, he shall be guilty of an offence and shall be liable—
- (a) on summary conviction, to imprisonment for a term not exceeding 3 months or to a fine not exceeding £200, or both; and

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- (b) on conviction on indictment, to imprisonment for a term not exceeding 2 years or to a fine, or both.

Liabilities, etc.

53 Liabilities of Corporations etc.

- (1) If any sum required by any judgment or order to be paid by a company which at the time of the judgment or order is a wholly owned subsidiary of a Corporation . . . ^{F65} is not paid by the company within the period of 14 days beginning on the date on which execution becomes leviable to enforce the judgment or order, the Corporation shall be liable to pay that sum and that judgment or order shall be enforceable against the Corporation accordingly.
- (2) ^{F66}
- (3) When a company becomes a wholly owned subsidiary of a Corporation, any person to whom this subsection applies and who is liable in respect of any debt or liability of the company under a contract of guarantee or indemnity made before the company became such a subsidiary shall cease to be so liable.
- (4) The persons to whom subsection (3) above applies are persons who, immediately before the company became a wholly owned subsidiary of the Corporation,—
 - (a) were associated persons, or
 - (b) controlled some other company or body corporate which controlled it.
- (5) The assets of an acquired company or of any wholly-owned subsidiary of such a company shall be released, upon the date of transfer of that company, from all charges to which they are subject immediately before that date.
- (6) Subject to subsection (7) below, no person shall, in respect of a loan,—
 - (a) become entitled to exercise any right, or
 - (b) become subject to any obligation,on the ground—
 - (i) of the passing of this Act, or
 - (ii) of anything done by virtue of this Act, or
 - (iii) of anything done following the passing of this Act in relation to an acquired company or a wholly owned subsidiary of such a company, or
 - (iv) of anything necessarily resulting from the passing of this Act or from anything done as mentioned in paragraph (ii) or (iii) above.
- (7) Subsection (6) above shall not have effect—
 - (a) in relation to any right vested in a person to whom subsection (3) above applies in respect of a loan made by him after the last of the relevant days to an acquired company, or a wholly owned subsidiary of such a company or
 - (b) in relation to any obligation owed to such a person by the debtor in respect of such a loan.

Textual Amendments

- F65** Words repealed (with saving) by [British Shipbuilders Act 1983 \(c. 15, SIF 64\)](#), ss. 2(4), 3(3), [Sch.](#)
- F66** S. 53(2) repealed (with saving) by [British Shipbuilders Act 1983 \(c. 15, SIF 64\)](#), ss. 2(4), 3(3), [Sch.](#)

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- C18** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that s. 53 is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say British Shipbuilders)

*General***54 Service of notices.**

- (1) This section shall have effect in relation to any notice or other document required or authorised by or under this Act to be given to or served on any person.
- (2) Any such document may be given to or served on the person in question—
 - (a) by delivering it to him, or
 - (b) by leaving it at his proper address, or
 - (c) ^{F67} ... ^{F67} ... ^{F67} ... by sending it by post to him at that address, ^{F67} ...
 - ^{F68}(d)
- (3) Any such document may—
 - (a) in the case of a body corporate, be given to or served on the secretary or clerk of that body;
 - (b) in the case of a partnership, be given to or served on a partner or a person having the control or management of the partnership business.
- (4) For the purposes of this section and section 26 of the ^{M13}Interpretation Act 1889 (service of documents by post) in its application to this section, the proper address of any person to or on whom a document is to be given or served shall be his last known address, except that—
 - (a) in the case of a body corporate or their secretary or clerk, it shall be the address of the registered or principal office of that body;
 - (b) in the case of a partnership or a person having the control or management of the partnership business, it shall be that of the principal office of the partnership;

and for the purposes of this subsection the principal office of a company registered outside the United Kingdom or of a partnership carrying on business outside the United Kingdom shall be their principal office within the United Kingdom.
- (5) If the person to be given or served with any document mentioned in subsection (1) above has specified an address within the United Kingdom other than his proper address within the meaning of subsection (4) above as the one at which he or someone on his behalf will accept documents of the same description as that document, that address shall also be treated for the purposes of this section and section 26 of the Interpretation Act 1889 as his proper address.
- (6) If the name or address of any person having an interest in premises to or on whom any document mentioned in subsection (1) above is to be given or served cannot after reasonable enquiry be ascertained, the document may be given or served—
 - (a) by addressing it to him either by name or by the description of “the owner” or, as the case may be, “the occupier” of the premises and describing them, and

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- (b) either by delivering it to some responsible person on the premises or by affixing it, or a copy of it, to some conspicuous part of the premises.

Textual Amendments

F67 Words in s. 54(2)(c) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

F68 S. 54(2)(d) repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004 \(c. 14\)](#), [Sch. 1 Pt. 16](#) Group 1

Marginal Citations

M13 1889 c. 63.

55 Administrative expenses.

Any administrative expenses incurred by the Secretary of State in connection with the provisions of this Act shall be defrayed out of moneys provided by Parliament.

56 Interpretation.

- (1) In this Act, except where the context otherwise requires,—

“accounting year” shall be construed in accordance with section 17 of this Act;

“acquired company” means—

- (a) a company falling within Part I of Schedule 1 or Schedule 2 to this Act, or
(b) a company in respect of which the obligation to give notice under section 26(9) above has arisen, other than an excluded company;

“aircraft industry vesting date” means such date as the Secretary of State may by order made by statutory instrument specify for the purposes of section 19(1) of this Act;

“associated person”, in relation to a company or its wholly owned subsidiary, means—

- (a) a person who controls the company, or
(b) a body corporate controlled by a person who also controls the company;

“the Corporations” means British Aerospace and British Shipbuilders, and references to a Corporation shall be construed accordingly;

“date of transfer” shall be construed in accordance with subsection (5) below;

“enactment” includes an enactment of the Parliament of Northern Ireland and a Measure of the Northern Ireland Assembly;

“equity share capital” has the meaning assigned to it by [^{F69}section 548 of the Companies Act 2006];

“excluded company” has the meaning assigned to it by section 27(11) above;

“functions” includes powers and duties;

“group of companies” means a company and all other companies which are its subsidiaries;

“guided weapon” does not include a torpedo;

“holding company” shall be construed in accordance with [^{F70}section 1159 of the Companies Act 2006];

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“loan capital”, in relation to any company, means the securities of the company which do not form part of the share capital;

“mortgage” in relation to Scotland, means a heritable security within the meaning of section 9(8) of the ^{M14}Conveyancing and Feudal Reform (Scotland) Act 1970;

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 ...

“notice of disclaimer” has the meaning assigned to it by section 31(6) above;

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 ...

“pension”, in relation to any person, means a pension, whether contributory or not, of any kind whatsoever payable to or in respect of him, and includes a gratuity so payable and a return of contributions or insurance premiums to a pension fund with or without interest or any other addition;

“pension rights” includes all forms of right to or eligibility for, the present or future payment of a pension to or in respect of a person, and any expectation of the accruer of a pension to or in respect of a person under any customary practice, and also includes a right of allocation in respect of the present or future payment of a pension;

“pension scheme” includes any form of arrangements for the payment of pensions, whether subsisting by virtue of an Act, trust, contract or otherwise, and also includes any customary practice under which pensions are paid;

“public dividend capital” and “public dividends” have the meaning assigned to them by section 16 of this Act;

“the relevant Corporation”, in relation to a company which comes into public ownership, or in relation to any securities of such a company, means the Corporation in which vest, on the date of transfer, the securities of that company or of the company of which it is a wholly owned subsidiary;

“the relevant days” means 27th December 1973 and every Wednesday, other than 26th December 1973, in the period of 6 months beginning on 1st September 1973;

“relevant trade union”, in relation to either Corporation, means any independent trade union, [^{F72}within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992], which the Corporation or any of its wholly owned subsidiaries recognises for the purposes of collective bargaining, [^{F72}within the meaning of that Act], . . . ^{F73}

“the relevant vesting date” means—

- (a) in relation to British Aerospace or a company which becomes, or would but for the provisions of section 27 of this Act become, a wholly owned subsidiary of British Aerospace, the aircraft industry vesting date, and
- (b) in relation to British Shipbuilders or a company which becomes, or would but for the provisions of section 27 of this Act become, a wholly owned subsidiary of British Shipbuilders, the shipbuilding industry vesting date;

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“securities”, in relation to a company, means any shares, debentures, debenture stock, loan stock, income notes, income stock, funding certificates and securities of a like nature;

“share” includes stock resulting from the conversion of any share into stock;

“shipbuilding industry vesting date” means such date as the Secretary of State may by order made by statutory instrument specify for the purposes of section 19(2) of this Act;

“shipyard” includes any berth, dock or slipway used for the construction of ships;

“stockholders’ representative” means, in relation to a company or the securities of a company, the individual appointed under section 41 of this Act to represent the holders of securities of that company;

“subsidiary” has [F74the meaning given by] s[F70 section 1159 of the Companies Act 2006];

“voting power” does not include voting rights which arise only in limited circumstances;

“wholly owned subsidiary” has the same meaning as it has for the purposes of [F75section 1159 of the Companies Act 2006]; and

“works” means, subject to subsection (6) below,—

- (a) any factory, within the meaning of the ^{M15}Factories Act 1961,
- (b) any aerodrome, as defined in [F76section 105(1) of the Civil Aviation Act 1982],
- (c) any shipyard which does not fall within paragraph (a) above, and
- (d) any premises used by way of trade or business for the purposes of the storage, transport or distribution of any articles or for the supply of electricity or other form of power,

together with any machinery or equipment installed in any such factory, shipyard or premises and any land occupied for the purposes referred to in paragraph (d) above.

(2) For the purposes of this Act, in relation to land in England, Wales or Northern Ireland,

- (a) “own” includes hold on lease;
- (b) “rights of ownership” means an estate in fee simple or a lease; and
- (c) property owned by a member of a partnership and held by him for the purposes of the partnership shall be deemed to be owned by each of the members of the partnership.

(3) For the purposes of this Act, in relation to land in Scotland,—

- (a) “own” includes hold on lease;
- (b) [F77“rights of ownership” means the rights—
 - (i) of an owner; or
 - (ii) of a tenant under a lease;]
 - (c) property owned by a member of a partnership and held by him for the purposes of the partnership shall be deemed to be owned by the firm.

(4) Any reference in this Act to a company which comes into public ownership is a reference to an acquired company or a company which, on the date of transfer of an

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acquired company, is a wholly owned subsidiary of that company; and any reference to a company coming into public ownership shall be construed accordingly.

- (5) Subject to section 27(7)(b) of this Act, in relation to a company which comes into public ownership, any reference in this Act to the date of transfer is a reference—
- (a) in the case of a company falling within Part I of Schedule 1 or Schedule 2 to this Act or the wholly owned subsidiary of such a company, to the relevant vesting date; and
 - (b) in the case of any other company which comes into public ownership, to the date on which the securities of the company or, as the case may be, of the company of which it is a wholly owned subsidiary vest in a Corporation by virtue of section 26 above.
- (6) For the purposes of this Act—
- (a) notwithstanding anything in subsection (1) above, the expression “works” does not include any factory, aerodrome, shipyard or other premises or land situated outside the United Kingdom;
 - (b) the extension, alteration or re-equipment of any works or the replacement of any machinery or equipment therein shall not be deemed to change the identity of the works; and
 - (c) in determining whether a company is operating any works at a particular time, any temporary closing of the works at that time owing to holidays, repairs or for any other reason shall be disregarded.
- (7) For the purposes of this Act the securities of a company to which the same rights attach shall be deemed to constitute a class of securities, and the date of issue of any securities shall be deemed to be the date on which a resolution allotting those securities is passed.
- (8) For the purposes of this Act a person controls a company or other body corporate if he is entitled to exercise or to control the exercise of at least one third of the voting power at any general meeting of that body corporate.

Textual Amendments

- F69** Words in s. 56(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009](#) (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 36(3)(a)** (with art. 10)
- F70** Words in s. 56(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009](#) (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 36(3)(b)** (with art. 10)
- F71** S. 56(1) entries repealed (22.7.2004) by [Statute Law \(Repeals\) Act 2004](#) (c. 14), **Sch. 1 Pt. 16** Group 1
- F72** Words in s. 56(1) substituted (16.10.1992) by [Trade Union and Labour Relations \(Consolidation\) Act 1992](#) (c. 52), ss. 300(2), 302, **Sch. 2 para. 8(3)(a)(b)**.
- F73** Words repealed by [Employment Act 1980](#) (c. 42, SIF 43:5), s. 20(3), **Sch. 2**
- F74** Words substituted by [Companies Act 1989](#) (c. 40, SIF 27), ss. 144(4), 213(2), **Sch. 18 para. 16** (subject to the transitional provisions referred to in S.I. 1990/1392, **arts. 2(d), 6**)
- F75** Words in s. 56(1) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments, Transitional Provisions and Savings\) Order 2009](#) (S.I. 2009/1941), art. 1(2), **Sch. 1 para. 36(3)(c)** (with art. 10)
- F76** Words substituted by [Civil Aviation Act 1982](#) (c. 16, SIF 9), s. 109(2), **Sch. 15 para. 18**
- F77** S. 56(3)(b) substituted (S.) (28.11.2004) by [Abolition of Feudal Tenure etc. \(Scotland\) Act 2000](#) (asp 5), ss. 71, 77(2), **Sch. 12 paras. 38** (with ss. 58, 62, 75); S.S.I. 2003/456, art. 2

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Changes to legislation: *There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)*

Marginal Citations

M14 [1970 c. 35.](#)

M15 [1961 c. 34.](#)

57 Short title and extent.

- (1) This Act may be cited as the Aircraft and Shipbuilding Industries Act 1977.
- (2) This Act extends to Northern Ireland.

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

SCHEDULES

SCHEDULE 1

Section 19(1).

AIRCRAFT INDUSTRY

PART I

COMPANIES WHOSE SECURITIES ARE TO VEST IN BRITISH AEROSPACE

British Aircraft Corporation Limited

Hawker Siddeley Aviation Limited

Hawker Siddeley Dynamics Limited

Scottish Aviation Limited

PART II

QUALIFYING CONDITIONS

- 1 On 29th October 1974 each of the companies specified in Part I of this Schedule fulfilled the following conditions, namely,—
 - (a) the company was incorporated and had its principal place of business in Great Britain; and
 - (b) the company was engaged in manufacturing complete aircraft or guided weapons; and
 - (c) the aggregate of—
 - (i) the company's turnover for the relevant financial year, as stated or otherwise shown in its accounts, and
 - (ii) the turnover of each of the company's subsidiaries for the relevant financial year, as stated or otherwise shown in its accounts,
 exceeded £7·5 million; and
 - (d) the company was not a wholly owned subsidiary of a company which fulfilled each of the preceding conditions.
- 2 In paragraph 1 above—

“aircraft” does not include—

 - (a) hovercraft;
 - (b) lighter than air aircraft;
 - (c) rotary-wing aircraft;
 - (d) non-motorised and motorised gliders;
 - (e) aircraft designed to fly unmanned; and
 - (f) replicas of aircraft of historic interest; and

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“relevant financial year”, in relation to a company, means that one of the company’s financial years, within the meaning of the ^{M16}Companies Act 1948, for which accounts were last laid before it in general meeting before 29th October 1974.

Marginal Citations

M16 1948 c. 38.

SCHEDULE 2

Section 19(2).

SHIPBUILDING INDUSTRY

PART I

COMPANIES WHOSE SECURITIES ARE TO VEST IN BRITISH SHIPBUILDERS

Shipbuilding companies

Appledore Shipbuilders Limited
Austin & Pickersgill Ltd.
Brooke Marine Limited
Cammell Laird Shipbuilders Limited
Clelands Shipbuilding Company Ltd.
Ferguson Brothers (Port Glasgow) Limited
The Goole Shipbuilding & Repairing Co. Ltd.
Govan Shipbuilders Limited
Hall Russell & Company Ltd.
Lithgows Limited
Robb Caledon Shipbuilders Limited
Scott and Sons (Bowling) Limited
Scotts’ Shipbuilding Company Limited
Smith’s Dock Company Ltd.
Sunderland Shipbuilders Limited
Swan Hunter Shipbuilders Limited
Vickers Shipbuilding Group Limited
Vosper Thornycroft Limited

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Yarrow (Shipbuilders) Limited

Companies manufacturing slow speed diesel marine engines

Barclay, Curle & Company Limited

George Clark & NEM Limited

Hawthorn Leslie (Engineers) Ltd.

John G. Kincaid & Company Limited

Scotts' Engineering Company Limited

Training companies

The Scott Lithgow Training Centre Limited

Swan Hunter Training and Safety Company Limited

Yarrow (Training) Limited

PART II

QUALIFYING CONDITIONS

- 1 On 31st July 1974 each of the companies specified in Part I of this Schedule fulfilled the following conditions, namely,—
 - (a) the company was incorporated and had its principal place of business in Great Britain, and
 - (b) the company fulfilled the criteria in any one of paragraphs 2 to 4 below as a shipbuilding company, a manufacturer of slow speed diesel marine engines or a training company, and
 - (c) the company was not a wholly owned subsidiary of a company which fulfilled both of the preceding conditions.
- 2 (1) For the purposes of paragraph 1 above a company is a shipbuilding company if—
 - (a) it was, on 31st July 1974, entitled, either alone or together with another company which was then a member of the same group of companies, to an interest in possession in a shipyard which on that date was being used for the construction of ships; and
 - (b) the aggregate of the total tonnage of the ships completed in that shipyard and in any associated shipyards during the period of three years ending on 31st July 1974 exceeded the specified minimum.
- (2) The specified minimum tonnage referred to in sub-paragraph (1) above is—
 - (a) 750 standard displacement tons in respect of warships, or
 - (b) 15,000 gross tons in respect of other ships, or
 - (c) 500 standard displacement tons in respect of warships and 10,000 gross tons in respect of other ships.
- (3) For the purposes of paragraph (b) of sub-paragraph (1) above, a shipyard is associated with one in which a company falling within paragraph (a) of that sub-paragraph has an interest in possession on 31st July 1974 if, on that date, either that company or

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another company which was then a member of the same group of companies was entitled, either alone or together with another company which was then a member of the same group, to an interest in possession in it.

- 3 For the purposes of paragraph 1 above, a company is a manufacturer of slow speed diesel marine engines if on 31st July 1974 it was engaged in the business of manufacturing diesel engines—
- (a) designed for use for the main propulsion of ships; and
 - (b) designed to deliver continuously, at a crankshaft speed of less than 160 revolutions per minute, a power output greater than 4,000 horsepower, as measured under the operating conditions specified in the British Standard Specification published on 19th February 1958 under the number B.S.649:1958 (specification for the performance of reciprocating compression-ignition (diesel) engines, utilising liquid fuel only, for general purposes).
- 4 For the purpose of paragraph 1 above, a company is a training company if on 31st July 1974—
- (a) it was engaged in the business of training persons in any of the skills required for the repairing, refitting, conversion, maintenance and construction of ships; and
 - (b) it was a member of a group of companies of which another member was a company which fulfilled the conditions in paragraph 1 above but does not fall within this paragraph.
- 5 (1) In this Part of this Schedule “ship” means a floating or submersible vessel with an integral hull and, except in the case of a warship, of over 100 gross tons, but does not include a hovercraft or a mobile offshore installation; and for the purposes of this Part of this Schedule—
- (a) the gross tonnage of a ship shall be determined in the same manner as for registration under the [^{F78}Merchant Shipping Act 1995] (whether or not the ship is in fact so registered); and
 - (b) the standard displacement tonnage of a warship means that tonnage as determined in accordance with the Treaty for the Limitation of Naval Armament signed in London on 25th March 1936.
- (2) In sub-paragraph (1) above “mobile offshore installation” has the same meaning as in Part III of the ^{M17}Industry Act 1972, namely, any installation which is intended for underwater exploitation of mineral resources or exploration with a view to such exploitation and can move by water from place to place without major dismantling or modification, whether or not it has its own motive power.

Textual Amendments

F78 Words in [Sch. 2 para. 5\(1\)\(a\)](#) substituted (1.1.1996) by [1995 c. 21, ss. 314\(2\), 316\(2\)](#), [Sch. 13 para. 50](#) (with [s. 312\(1\)](#)).

Marginal Citations

M17 [1972 c. 63](#).

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

SCHEDULE 3

Section 20.

VESTING OF ASSETS OF UNDERTAKINGS IN ACQUIRED COMPANIES

- 1 In this Schedule—
 - “the principal section” means section 20 of this Act;
 - “the relevant undertaking” means, in relation to the acquired company, the undertaking carried on as mentioned in subsection (3) or, as the case may require, subsection (4) of the principal section.
- 2 (1) Subject to sub-paragraph (2) below, any question whether any particular property, rights or liabilities vests or vest in the acquired company by virtue of the principal section shall be determined by agreement between the Secretary of State and the associated privately owned company in whom the property, rights or liabilities is or are vested immediately before the date of transfer of the acquired company or, in default of such agreement, by arbitration under this Act.
- (2) In its application to any question relating to any rights or liabilities in respect of a person’s services sub-paragraph (1) above shall have effect as if the person concerned were required to be a party to the agreement referred to in that sub-paragraph.
- 3 Where any rights or liabilities vested in the acquired company by virtue of the principal section are rights or liabilities under an agreement to which an associated privately owned company was a party immediately before the date of transfer, then, except in so far as the context otherwise requires, whether or not the agreement is in writing or of such a nature that rights and liabilities under it could be assigned by that privately owned company, the agreement shall have effect on and after that date as if—
 - (a) for any reference (however worded and whether express or implied) to the privately owned company there were substituted, with respect to anything falling to be done on or after that date, a reference to the acquired company, and
 - (b) any reference (however worded and whether express or implied) to a person holding a particular post in the privately owned company were, with respect to anything falling to be done on or after that date, a reference to such person as the acquired company may appoint or, in default of appointment, to the person holding the most nearly equivalent post in the acquired company.
- 4 Without prejudice to the generality of paragraph 3 above, where any rights or liabilities vest in the acquired company by virtue of the principal section, the acquired company and any other person shall, as from the date of transfer, have the same rights, powers and remedies (and in particular the same rights and powers as to the taking or resisting of legal proceedings) for ascertaining, perfecting or enforcing any right or liability vested in the acquired company by virtue of the principal section as it or he would have had if that right or liability had at all times been a right or liability of the acquired company.
- 5 Any legal proceedings pending on the date of transfer by or against the privately owned company concerned, in so far as they relate to any property, rights or liabilities vested in the acquired company by virtue of the principal section or to any agreement relating to any such property, rights or liabilities, shall be continued by or against the acquired company to the exclusion of the privately owned company.
- 6 Without prejudice to the provisions of paragraph 3 above, the vesting of any property, rights or liabilities in the acquired company by virtue of the principal

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Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- section shall be binding on all other persons, notwithstanding that any transfer of that property or of those rights or liabilities would, apart from this sub-paragraph, have required the consent or concurrence of any other person.
- 7 Where any property, rights or liabilities which by virtue of the principal section fall to be vested in the acquired company cannot be properly so vested because transfers of that property or those rights or liabilities are governed otherwise than by the law of a part of the United Kingdom, the privately owned company concerned shall take all practicable steps for the purpose of securing that the ownership of the property is or, as the case may be, the rights or liabilities are, effectively transferred to the acquired company, but for the purposes of this Act, other than this paragraph, any such property, rights or liabilities shall continue to be treated as vested in the acquired company by virtue of that section and not by virtue of any steps taken in accordance with this paragraph.
- 8 Section 12 of the ^{M18}Finance Act 1895 (which requires certain Acts to be stamped as conveyances on sale) (including that section as it applies to Northern Ireland) shall not apply to a vesting of property or rights in the acquired company by the principal section; and stamp duty shall not be payable either in Great Britain or in Northern Ireland on any instrument executed in pursuance of paragraph 7 above.

Marginal Citations
M18 1895 c. 16.

[^{F79}SCHEDULE 4]

Section 29.

ACQUISITION OF CERTAIN ASSETS

Textual Amendments
F79 Schs. 4-6 repealed (22.7.2004) by Statute Law (Repeals) Act 2004 (c. 14), Sch. 1 Pt. 16 Group 1

- ^{F79}1
- ^{F79}2
- ^{F79}3
- ^{F79}4
- ^{F79}5
- ^{F79}6
- ^{F79}7

[^{F79}SCHEDULE 5]

Section 35.

SATISFACTION OF COMPENSATION BY ISSUE OF COMPENSATION STOCK

^{F79} 1	.....
^{F79} 2	.....
^{F79} 3	.....
^{F79} 4	.....
^{F79} 5	.....
^{F79} 6	.....
^{F79} 7	.....
^{F79} 8	.....
^{F79} 9	.....

.....

Modifications etc. (not altering text)

C19

By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#) it is provided that para. 9 of Sch. 5 is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say, British Shipbuilders)

C20

Sch. 5 para. 9 extended by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), [s. 10\(1\)](#), [Sch. 2 para. 5\(1\)](#)

[^{F79}SCHEDULE 6]

Section 41.

PROVISIONS AS TO OFFICE OF STOCKHOLDERS’ REPRESENTATIVE,
MEETINGS OF HOLDERS OF SECURITIES AND INCIDENTAL MATTERS

Appointment and tenure of office

^{F79} 1
^{F79} 2
^{F79} 3
^{F79} 4
^{F79} 5

Meetings of holders of securities

^{F79} 6	.....
^{F79} 7	.....
^{F79} 8	.....

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

Procedure at meetings

- F79₉
- F79₁₀
- F79₁₁
- F79₁₂
- F79₁₃

Service of documents

- F79₁₄

Modifications etc. (not altering text)

- C21** By [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), **s. 10(1)** it is provided that para. 14 of Sch. 6 is repealed in relation to British Aerospace and that any reference in that provision (in whatever terms expressed) to either or both of the Corporations originally established by s. 1 of this Act shall be construed as a reference to the other Corporation so established (that is to say, British Shipbuilders)
- C22** Sch. 6 para. 14 extended by [British Aerospace Act 1980 \(c. 26, SIF 64\)](#), **s. 10(1)**, **Sch. 2 para. 5(2)**

Supplementary

- F79₁₅
- F79₁₆
- F79₁₇

[^{F79} APPENDIX]

Appointment of proxy for voting

[The] [Company] Limited.
I/WE,
of in the County of
as a holder of (a) in the above named
company HEREBY APPOINT
of [or, failing him,]
..... of]
as my/our proxy to vote for me/us on my/our behalf at the meeting
of holders of securities to be held under Schedule 6 to the above-
mentioned Act on the day of 19.....
and at any adjournment thereof in favour of (b) the resolution to
be submitted, against
Dated this day of 19.....
..... (c)
(a) Name the class of the company's securities which are held
or in respect of which rights under Schedule 5 to the
above mentioned Act are held.
(b) Delete whichever is not desired; if neither is deleted, the
proxy will vote as he thinks fit.
(c) Signature of appointor or attorney or, in the case of a
company, seal of the company or signature of authorised
officer or attorney.

*Status: Point in time view as at 22/04/2011.**Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)*

SCHEDULE 7

Section 42.

PROCEDURE ETC. OF ARBITRATION TRIBUNAL

PART I

PROCEEDINGS OTHER THAN SCOTTISH PROCEEDINGS

- 1 The provisions of this Part of this Schedule shall have effect with respect to proceedings of the arbitration tribunal other than those which, by virtue of this Act, are to be treated as Scottish proceedings, and references in the following provisions of this Part of this Schedule to proceedings shall be construed accordingly.
- 2 The provisions of [^{F80}Part I of the Arbitration Act 1996] with respect to—
- (a) the administration of oaths and the taking of affirmations,
 - (b) the correction in awards of mistakes and errors,
 - (c) the summoning, attendance and examination of witnesses and the production of documents, and
 - (d) the costs of the reference and award,
- shall, with any necessary modifications, apply in respect of proceedings before the arbitration tribunal but, except as provided by this paragraph, the provisions of [^{F81}that Part] shall not apply to any such proceedings.

Textual Amendments

- F80** Words in [Sch. 7 para. 2](#) substituted (31.1.1997 subject to transitional provisions) by [1996 c. 23, s. 107\(1\)](#), [Sch. 3 para. 32\(a\)](#); S.I. 1996/3146, arts. 3, 4, [Sch. 2](#).
- F81** Words in [Sch. 7 para. 2](#) substituted (31.1.1997 subject to transitional provisions) by [1996 c. 23, s. 107\(1\)](#), [Sch. 3 para. 32\(b\)](#); S.I. 1996/3146, arts. 3, 4, [Sch. 2](#).

- 3 The arbitration tribunal may, and if so ordered by the Court of Appeal shall, state in the form of a special case for determination by the Court of Appeal any question of law which may arise before them.
- 4 An appeal shall lie to the Court of Appeal on any question of law or fact from any determination or order of the arbitration tribunal with respect to a claim by either Corporation—
- (a) against the directors of a company to enforce a liability arising under section 23 of this Act, or
 - (b) for compensation for loss arising from any transaction referred to the tribunal under any of sections 28, 30 and 31 of this Act.
- 5 (1) Subject to the provisions of this Schedule, the procedure in or in connection with any proceedings before the arbitration tribunal shall be such as may be determined by rules made by the Lord Chancellor by statutory instrument.
- (2) A statutory instrument containing rules made under this paragraph shall be subject to annulment in pursuance of a resolution of either House of Parliament.

[^{F82}(3) In relation to proceedings in Northern Ireland—

Status: Point in time view as at 22/04/2011.

Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- (a) sub-paragraph (1) above shall have effect as if for “Lord Chancellor by statutory instrument” there were substituted “Department of Justice in Northern Ireland”;
- (b) rules made under this paragraph by the Department of Justice in Northern Ireland shall be made by statutory rule for the purposes of the Statutory Rules (Northern Ireland) Order 1979 and shall be subject to negative resolution within the meaning of section 41(6) of the Interpretation Act (Northern Ireland) 1954.]

Textual Amendments

F82 Sch. 7 para. 5(3) inserted (12.4.2010) by The Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 (S.I. 2010/976), art. 1(2), Sch. 18 para. 9(2) (with arts. 28-31)

PART II

SCOTTISH PROCEEDINGS

- 6 The provisions of this Part of this Schedule shall have effect with respect to proceedings of the arbitration tribunal which, by virtue of this Act, are to be treated as Scottish proceedings, and references in the following provisions of this Part of this Schedule to proceedings shall be construed accordingly.
- 7 The arbitration tribunal shall have the like powers for securing the attendance of witnesses and the production of documents and with regard to the examination of witnesses on oath and the awarding of expenses as if the arbitration tribunal were an arbiter under a submission.
- 8 The arbitration tribunal may, and if so directed by the Court of Session shall, state a case for the opinion of that Court on any question of law arising in the proceedings.
- 9 (1) An appeal shall lie to the Court of Session on any question of law or fact from any determination or order of the arbitration tribunal with respect to a claim by either Corporation—
 - (a) against the directors of a company to enforce a liability arising under section 23 of this Act, or
 - (b) for compensation for loss arising from any transaction referred to the tribunal under any of sections 28, 30 and 31 of this Act.
- (2) An appeal shall lie, with the leave of the Court of Session or of the [^{F83} Supreme Court], from any decision of the Court of Session under this paragraph, and such leave may be given on such terms as to costs or otherwise as the Court of Session or the [^{F83} Supreme Court] may determine.

Textual Amendments

F83 Words in Sch. 7 para. 9(2) substituted (1.10.2009) by Constitutional Reform Act 2005 (c. 4), s. 148(1), Sch. 9 para. 29; S.I. 2009/1604, art. 2(d)

- 10 (1) Subject to the provisions of this Schedule, the procedure in or in connection with any proceedings before the arbitration tribunal shall be such as may be determined by rules made by the Lord Advocate by statutory instrument.

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Changes to legislation: There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed). (See end of Document for details)

- (2) A statutory instrument containing rules made under this paragraph shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Modifications etc. (not altering text)

C23 [Sch. 7 para. 10](#): functions of the Lord Advocate transferred to the Secretary of State and all property, rights and liabilities to which the Lord Advocate is entitled or subject in connection with any such function transferred to the Secretary of State for Scotland (19.5.1999) by [S.I. 1999/678](#), [arts. 2\(1\), 3](#), [Sch.](#) (with [art. 7](#))

[Sch. 7 para. 10](#) transfer of functions (S) (1.7.1999) by [S.I. 1999/1750](#), [art. 2](#), [Sch. 1](#)

- 11 Unless the arbitration tribunal consider that there are special reasons for not doing so, they shall sit in Scotland for the hearing and determination of any proceedings which, by virtue of this Act, are to be treated as Scottish proceedings.

PART III

ALL PROCEEDINGS

- 12 Every order of the arbitration tribunal—
- (a) shall be enforceable in England and Wales and Northern Ireland as if it were an order of the High Court; and
 - (b) may be recorded for execution in the books of Council and Session and may be enforced accordingly.
- 13 The arbitration tribunal may, at any stage in any proceedings before them, refer to a person or persons appointed by them for the purpose any question arising in the proceedings, other than a question which in their opinion is primarily one of law, for inquiry and report, and the report of any such person or persons may be adopted wholly or partly by the tribunal and, if so adopted, may be incorporated in an order of the tribunal.

Status:

Point in time view as at 22/04/2011.

Changes to legislation:

There are currently no known outstanding effects for the Aircraft and Shipbuilding Industries Act 1977 (repealed).