



Electricity Act 1947

1947 CHAPTER 54

PART II

ACQUISITION OF ELECTRICITY UNDERTAKINGS.

Compensation to composite companies.

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- (1) Every composite company shall be entitled to be paid by the Central Authority, by way of compensation for the vesting in that Authority or in any other Electricity Board of property and rights of the company, and in lieu of any other compensation in respect of that vesting, an amount calculated as follows:—
- (a) the aggregate value of all the securities of the company shall be ascertained in accordance with subsections (2) to (9) of section twenty of this Act, subject to the modification that for the references in subsections (6) and (7) to the stockholders' representative there shall be substituted references to the company;
 - (b) there shall be ascertained the proportion which the average net revenue earned by the electricity undertaking in respect of the last three complete financial years before the tenth day of January, nineteen hundred and forty-seven, bears to the average net revenue earned in respect of those years by the company's undertaking as a whole;
 - (c) the amount of the compensation shall be the aggregate of the following amounts—
 - (i) an amount bearing to the aggregate value of the said securities the same proportion as the said average net revenue of the electricity undertaking bears to the said average net revenue of the company's undertaking as a whole,
 - (ii) an amount, by way of compensation in respect of the severance of the electricity undertaking from the remainder of the company's undertaking, consisting of a sum of five shillings for each complete one thousand of the units of electricity which, in accordance with the

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figures accepted by the Electricity Commissioners for the purposes of section seven of the Electricity (Supply) Act, 1922, were sold (within the meaning of that section) by the company during the year nineteen hundred and forty-six.

- (2) Any question arising under paragraph (b) of the last foregoing subsection shall, in default of agreement between the company and the Minister, be determined by arbitration under this Act.
- (3) The right of a composite company to compensation under this section shall be satisfied by the issue to the company of British Electricity Stock of such amount as in the opinion of the Treasury is at the vesting date of a value equal to the amount calculated under subsection (1) of this section, regard being had (in estimating the value of the stock so issued) to the market value of government securities at the vesting date.
- (4) If, in the case of any composite company, the amount of compensation payable to the company under this section has been determined before the vesting date, the British Electricity Stock to be issued in respect thereof shall be issued on that date, and in any other case the British Electricity Stock shall be issued as soon as the amount of that compensation has been determined.
- (5) Interest on any stock so issued after the vesting date shall begin to accrue as from the vesting date, and the Central Authority shall, on such dates as the Minister may direct, make to the company payments of interest not exceeding the amount which, in the opinion of the Central Authority, will be found to have accrued on the British Electricity Stock ultimately issued in satisfaction of the compensation.

If the amounts paid to any company by the Central Authority under this subsection are equal to or greater than the amount of interest which is found to have accrued on the said stock for the period beginning with the vesting date and ending immediately before the date of the issue of the stock, the interest so found to have accrued shall be treated as discharged, and if the amount paid as aforesaid is less than the amount found to have accrued as aforesaid, the amount so found to have accrued shall be treated as discharged to the extent of the amount so paid, and the balance shall be added to and treated as part of the interest (being interest accruing on and after the issue of the stock) which first falls to be paid after the issue of that stock.

- (6) Regulations may make provision—
 - (a) for entitling the holder of any debentures, debenture stock, preference shares or preference stock of a composite company, by notice given within the prescribed period, to require the company to transfer to him such amount the British Electricity Stock issued to the company under this section as is attributable to the value of the said securities held by him, and for the cancellation of those securities to a proportionate extent; and
 - (b) otherwise for the protection of mortgagees and incumbrancers of a composite company.