



CHAPTER 82.

An Act to bring the share capital of Cable and Wireless Limited into public ownership, to provide for the cost of making certain payments to that company in connection with reductions in its charges and for purposes connected with the matters aforesaid.

[6th November 1946.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

1.—(1) On the appointed day all the shares of Cable and Wireless Limited (hereafter in this Act referred to as “the operating company”) other than shares already held on behalf of the Treasury shall, by virtue of this section, be transferred, free of all trusts, liabilities and incumbrances, to such persons respectively as the Treasury may by order nominate, to be held by those persons on behalf of the Treasury.

Transfer of shares, and right to compensation therefor.

(2) Compensation for the transfer of the said shares shall be made to the companies mentioned in the First Schedule to this Act (which companies on the eighteenth day of April, nineteen hundred and forty-six, held between them all the said shares and respectively held the number of shares specified in the second column of that Schedule) and shall, in the case of each company, be satisfied—

(a) by the issue to the company of such amount of government stock as is, in the opinion of the Treasury, of a value equal, on the date of the issue, to the amount of the company's compensation having due regard to market values of other Government securities existing at such date; and

(b) by the payment to the company of a sum by way of interest on the amount of the company's compensation for the period beginning with the appointed day and ending immediately before the date of issue of the said stock at such rate or rates as the Treasury may determine in relation to that period or different parts thereof.

(3) The incidental and supplemental provisions set out in the Second Schedule to this Act shall have effect in relation to government stock issued for the purposes of the last foregoing subsection and in relation to the sum to be paid thereunder by way of interest on the amount of a company's compensation.

Amount of
compensation.

2.—(1) The amount of a company's compensation under the foregoing section shall be such as may be agreed between the company and the Treasury or, in default of agreement, as may be determined, in accordance with the following provisions of this section, by a tribunal consisting of three members of whom—

- (a) one (who shall be chairman of the tribunal) shall be a Lord of Appeal in Ordinary or Judge of the Supreme Court to be nominated by the Lord Chancellor ;
- (b) one shall be an accountant to be nominated by the President of the Institute of Chartered Accountants in England and Wales ; and
- (c) one shall be nominated, as being a person experienced in matters of finance or business, by the Governor of the Bank of England.

(2) The tribunal shall ascertain the amount which the operating company's undertaking might be expected to realise if sold in the open market on the appointed day as a going concern by a willing seller to a willing buyer on the basis of—

- (a) the net maintainable revenue ; and
- (b) the number of years' purchase to be applied thereto.

(3) The tribunal shall take as the net maintainable revenue of the operating company's undertaking the net annual revenue which that undertaking might reasonably be expected to earn in the future, leaving out of account the effect on that revenue of this Act and of the Bermuda agreement but taking into account any circumstances which might reasonably be expected to have affected that revenue apart from this Act and the Bermuda agreement.

(4) The amount ascertained in accordance with subsection (2) of this section shall be taken as being the aggregate value of the issued share capital of the operating company, and the amount of each company's compensation shall be the proper proportion of that value, the said proportion being determined by reference to the number of shares held by the company as set out in the First Schedule to this Act.

(5) There shall be paid to the members of the tribunal, other than the chairman, such remuneration as the Treasury may determine, and any such remuneration, together with the expenses of the tribunal, shall be paid by the Treasury and shall be defrayed out of moneys provided by Parliament.

3.—(1) On the appointed day all persons who are, immediately before that day, holding office as directors of the operating company shall vacate their office. Consequential provisions as to operating company.

(2) The persons to whom shares of the operating company are transferred by this Act shall be entitled to be entered in the register of members in respect of the shares without the delivery to the company of any instrument of transfer; and (subject to the provisions of this section) those persons shall, on the appointed day, become entitled to all the rights and advantages of members of the company, notwithstanding that they are not entered in the register of members and to the exclusion of all persons other than the persons holding the shares not transferred by this Act.

(3) Any meeting of members of the operating company held on the appointed day shall, if a majority of the members are present thereat, be deemed to be a duly constituted general meeting of the company, notwithstanding that it may not have been properly summoned, and a resolution may be proposed and passed as a special resolution within the meaning of the Companies Act, 1929, at any such meeting, notwithstanding that notice of the meeting and of the intention to propose the resolution as a special resolution may not have been given in accordance with that Act. 19 & 20
Geo. 5. c. 23.

(4) No petition shall be presented for the winding up of the operating company on the ground that the number of its members is less than the number required by law, nor shall any person be liable on that ground as a member of the company for the payment of any of its debts.

(5) Any dividends paid by the operating company on or after the appointed day on the shares transferred by this Act shall be paid into the Exchequer and issued out of the Consolidated Fund of the United Kingdom or the growing produce thereof (hereafter in this Act referred to as "the Consolidated Fund") at such times as the Treasury may direct, and applied by the Treasury to the payment of any interest which would apart from this subsection have fallen to be paid out of the permanent annual charge for the National Debt.

4.—(1) Subject to the following provisions of this section, the government stock issued to any of the companies mentioned in the First Schedule to this Act (hereafter in this section referred to as "a shareholder") as compensation for any shares of the operating company shall be held in the same right and on Consequential provisions as to associated companies.

the same trusts and subject to the same powers, privileges, provisions, charges, restraints and liabilities (so far as subsisting on the date of issue of the stock) as those in, on or subject to which the shares were held on the eighteenth day of April, nineteen hundred and forty-six, and so as to give effect to and not revoke any deed, order, mandate, notice or other instrument or disposition disposing of or affecting those shares, and every such instrument or disposition (whether made or given before or after that day) shall take effect with reference to the whole or a proportionate part, as the case may be, of the government stock.

(2) It shall be the duty of a shareholder on the appointed day to deliver up to the operating company the certificates of the shares held by the shareholder on the said eighteenth day of April :

Provided that the shareholder shall not be bound to deliver up any such certificates which on the said eighteenth day of April were in the possession of some other person by reason of any mortgage, pledge or charge still subsisting on the appointed day, until the mortgage, pledge or charge has been discharged or government stock has been issued as compensation for the shares, whichever first occurs.

(3) Except as respects matters arising before the appointed day, the companies which were parties of the second and fourth parts to the agreement mentioned in the Third Schedule to this Act shall not be entitled to any right or subject to any obligation under or by virtue of that agreement.

(4) There shall be paid out of moneys provided by Parliament such sums as may be required for the purpose of any undertaking given by the Treasury to Cable and Wireless (Holding) Limited for indemnifying that company against liabilities accruing after the appointed day under any agreement entered into by it before the said eighteenth day of April as surety for, or jointly and severally with, the operating company, being liabilities in respect of pensions and other benefits payable on the death or retirement of persons in employment with the operating company, or with any other company or body whose telegraph business was acquired by the operating company, or of the sufficiency or administration of any fund for the provision of such pensions or other benefits.

5. There shall be paid out of moneys provided by Parliament such sums as may be required for the purpose of any undertaking given by the Treasury, in consideration of the operating company reducing its charges with a view to bringing them into conformity with the Bermuda agreement, as to the making of payments to the company in respect of the net loss of revenue (if any) suffered by it, in consequence of the reductions, for the period before the appointed day.

Expenses under indemnity to operating company in respect of reductions in charges.

6. It shall be the duty of the operating company—

- (a) to afford, without payment, to any company mentioned in the First Schedule to this Act, such facilities as that company may reasonably require in prosecuting its claim to compensation under this Act for the examination of, and the taking of copies of or extracts from, documents relating to the operating company's undertaking; and
- (b) so far as may be reasonably necessary in order to enable any such company effectually to avail itself of the right conferred by the preceding paragraph and to prosecute its claim, to enter into arrangements for its having, for such period as may be reasonably necessary for that purpose, the services of any person in the employment of the operating company.

Availability of transferred documents and staff for compensation proceedings.

7. In this Act—

- (a) the expression "the appointed day" means such day as the Treasury may by order appoint; and
- (b) the expression "the Bermuda agreement" means the agreement as to certain wireless circuits, reduction of charges and other matters which was concluded in Bermuda on the fourth day of December, nineteen hundred and forty-five, between the governments of the United Kingdom and other of His Majesty's dominions and the government of the United States of America.

8. This Act may be cited as the Cable and Wireless Act, 1946. Short title.

SCHEDULES.

Section 1.

FIRST SCHEDULE.COMPANIES HOLDING SHARES OF CABLE AND WIRELESS LIMITED ON
18TH APRIL, 1946.

<i>Company.</i>	<i>Number of shares held.</i>
The Eastern Telegraph Company Limited	10,750,660
The Eastern Extension, Australasia and China Telegraph Company Limited.	6,709,853
The Western Telegraph Company Limited	5,301,646
Marconi's Wireless Telegraph Company Limited ...	2,529,413
The Eastern and South African Telegraph Company Limited.	1,291,854
The African Direct Telegraph Company Limited ...	301,763
The West Coast of America Telegraph Company Limited	205,379
The West African Telegraph Company Limited ...	188,243
The Europe and Azores Telegraph Company Limited ...	121,189

Section 1.

SECOND SCHEDULE.INCIDENTAL AND SUPPLEMENTAL PROVISIONS AS TO GOVERNMENT
STOCK AND INTEREST ON COMPENSATION.

1. The government stock shall bear such rate of interest and be subject to such conditions as to repayment, redemption and other matters (including provision for a sinking fund) as the Treasury may determine.

2. The principal of and interest on the government stock and any expenses incurred in connection with the issue or repayment thereof, and the sums to be paid under this Act by way of interest on compensation, shall be charged on and issued out of the Consolidated Fund.

3. There shall be paid to the Banks of England and Ireland, respectively, out of the Consolidated Fund, such sums in respect of the management in any financial year of the government stock as may be agreed upon between the Treasury and those Banks respectively.

4. The interest on the government stock shall be paid out of the permanent annual charge for the national debt.

5 & 6

Geo. 6. c. 21.

5. Section forty-seven of the Finance Act, 1942 (which empowers the Treasury to make regulations as respects the transfer and registration of stock and registered bonds of the descriptions specified in Part I of the Eleventh Schedule to that Act), and any regulations made thereunder which are in force immediately before the date of issue of the government stock, shall have effect as if that stock were included among the stocks mentioned in the said Part I and among the stocks to which the said regulations apply.

6. Paragraphs 3, 4 and 5 of the Second Schedule to the National Loans Act, 1939 (which applies certain enactments to securities issued under that Act), shall have effect as if references to securities issued under that Act included references to the government stock.

2ND SCH.

—cont.

2 & 3

Geo. 6. c. 117.

7. The government stock shall be subject to the provisions of the National Debt Act, 1870, so far as is consistent with the tenor of this Act.

33 & 34

Vict. c. 71.

8. The Treasury may, for the purpose of providing any sums required by them in order to redeem the government stock, raise money in any manner in which they are authorised to raise money under the National Loans Act, 1939, and any securities created and issued to raise money under this paragraph shall be deemed for all purposes to have been created and issued under that Act.

THIRD SCHEDULE.

Section 4.

PARTICULARS OF AGREEMENT PARTIALLY ABROGATED.

An agreement made the twenty-ninth day of May, nineteen hundred and twenty-nine, between—

- (a) His Majesty of the first part ;
- (b) Cable and Wireless (Holding) Limited (therein called by its then name of Cables and Wireless Limited) of the second part ;
- (c) the operating company (therein called by its then name of Imperial and International Communications Limited) of the third part ; and
- (d) the Eastern Telegraph Company Limited, the Eastern Extension, Australasia and China Telegraph Company Limited, the Western Telegraph Company Limited and Marconi's Wireless Telegraph Company Limited (being some of the companies mentioned in the First Schedule to this Act) of the fourth part ;

which was made in pursuance of the recommendations of the Imperial Wireless and Cable Conference, 1928, and of which (together with other agreements so made) a copy was presented to Parliament in the year nineteen hundred and twenty-nine by command of His Majesty.

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
York House, Kingsway, London, W.C.2; 13a Castle Street, Edinburgh 2;
39-41 King Street, Manchester 2; 1 St. Andrew's Crescent, Cardiff;
80 Chichester Street, Belfast;
or through any bookseller

Price 2*d.* net

(P. 5177)