

## ■ Capital Gains Tax Treatment for the New Shares

For tax purposes, your new Ordinary shares of 65 5/19p each and your B shares of 38p each are treated as the same asset as the old Ordinary shares of £1 each and as having been acquired at the same time.

The allowable expenditure attributable to the old Ordinary shares of £1 each (i.e. acquisition cost plus any incidental costs of acquisition, together your "base cost") will be apportioned between the market values of the new Ordinary shares of 65 5/19p each and the B shares of 38p each on 11 August 1997, the first day on which prices for these shares were quoted.

Market values on 11 August 1997 were:

Ordinary shares of 65 5/19p each 820p

B shares of just 38p each 36.25p

**Thus the base cost of the old Ordinary shares of £1 each is apportioned:**

$(19/20 \times 820)$	=	779	as to the Ordinary shares of 65 5/19p each
$(19/20 \times 820) + 36.25$		815.25	

36.25	=	36.25	as to the B shares
$(19/20 \times 820) + 36.25$		815.25	

An example (**for information only**) - if you acquired your old Ordinary shares of £1 each for 600p each (ignoring any incidental costs of acquisition) then this would be apportioned as follows:

600p x	779	=	573.32p as to the Ordinary shares of 65 5/19p each
	815.25		

600p x	36.25	=	26.68p as to the B shares
	815.25		

Thus your chargeable gain for tax purposes on a disposal of your Ordinary shares of 65 5/19p each or your B shares of 38p each is the consideration received (less any incidental costs of disposal) less the apportioned base cost, as calculated above, of the shares being sold, plus indexation allowance/taper relief on that apportioned base cost from the date of acquisition of your old Ordinary shares of £1 each.