



### Return of Capital to shareholders

Page 17 of the Circular relating to the Return of Capital and Share Consolidation published on 4 September 2017 refers to the requirement for certain shareholders in receipt of B Shares to apportion the CGT base cost in their Existing Ordinary Shares between the B Shares and the New Ordinary Shares.

The following information provides an example of how the apportionment works, based upon UK law and HM Revenue & Customs practice current as at 29 September 2017. It does not constitute, and should not be taken as, tax advice. It relates only to shareholders who are liable to UK capital gains tax in respect of the payment received on the redemption of their B Shares.

***Shareholders should always seek their own advice from an appropriate independent and authorised professional if they are in any doubt as to whether they are liable to capital gains tax or otherwise regarding their tax position.***

### Example Holding

Shareholder has 1,000 shares

The shares were acquired at £8.00 per share

The shareholders base cost is £ 8,000.00

### B Shares

Entitled to 1,000 B Shares

These were redeemed for 60p each

Shareholder will receive a total return of £ 600.00

### Number of New Ordinary Shares following share consolidation

$$\text{Existing no. shares} \times \frac{15}{16} = 1,000 \times \frac{15}{16} = 937.5$$

This is rounded down to 937

Therefore 937 New Ordinary Shares were issued.

The remaining 0.5 will be a 'Fractional Share' (see below)

### Apportionment of base cost

Base cost is apportioned by reference to the respective market values of the B Shares and the New Ordinary Shares. This is taken as being 60p per B Share (i.e., the amount that will be returned on them) and the published closing price for New Ordinary Shares on their first full day of trading.



Closing Share Price on 28 September 2017 £ 9.68

B Shares: 1,000 x £ 0.60 £ 600 A

New Ordinary Shares 937 x £ 9.68 £ 9,070 B

**1. Calculate the proportion of tax base cost to be allocated to B Shares**

Relevant proportion:  $\frac{A}{(A + B)}$  =  $\frac{600}{(600 + 9,070)}$  = 6.20%

Tax base cost attributable to B Share redemption

Tax Base cost x 6.20% £8,000 x 6.20% £ 496

**2. Calculate capital gain on redemption of B Shares**

Total cash proceeds received on B Shares £ 600

Tax base cost £(496)

**Taxable gain £ 104**

Shareholders have effectively sold 6.2% of their holding for 60p per Existing Share.

**Fractional Share**

The 0.5 remaining gives a fractional entitlement to the value of 0.5 New Ordinary Shares

Value of 0.5 shares at £9.68 £4.84

Fractional Shares will be sold and the proceeds apportioned between the relevant shareholders. If the value of the fractional percentage is less than £3 it will not be distributed. If a distribution is made to a shareholder in respect of a Fractional Share, that amount will be deducted from the base cost in the holding of New Ordinary Shares for the purposes of any future disposal of them.

**Base cost in New Ordinary Shares going forward**

Original tax base cost £ 8,000

Less: tax base cost apportioned to B Shares £ (496)

Base cost apportioned to New Ordinary Shares £ 7,504

Distribution received in respect of 0.5 Fractional Share £ (5)

Base cost in New Ordinary Shares £ 7,499