

<i>Date issued</i>	<i>My reference</i>

**Employment-related Securities and Options
Reportable events under Section 421J Income Tax (Earnings and Pensions) Act 2003**

Year ended 5 April 2005

You are required to complete this form and send it to me before 7 July 2005. If this form has been issued to you on or after 8 June 2005 you have 30 days from the date of issue, shown above, to complete it and send it to me.

Explanatory notes are provided to help you complete this form. Please read these before completing the form and signing the declaration. If you have any questions about how to complete this form please contact Employee Shares and Securities Unit at the address below or on the telephone numbers shown.

Penalties may be imposed for any failure to give the information required by this form within the prescribed time limit or for the submission of an incomplete or inaccurate form.

If there is not enough space in any part of the form, please give further details on supplementary sheets, number them and attach them to the completed form when you send it to me.

The completed form should be sent to the address below.

Janice Cross

Employee Shares and Securities Unit
Room G52
1 Parliament Street
London
SW1A 2BQ

Telephone **020 7147 2819** or **2843**
Fax **020 7147 2747**

About this form

Details of reportable events (see below) must be provided in a form specified by the Inland Revenue. This form is the one specified for that purpose. In reporting the details required you must provide those details as shown on this form. You may use your own form, spreadsheet or letter provided you give the same details and in the same format as required by this form. A copy of this form is available at www.inlandrevenue.gov.uk/shareschemes/ann-app-schemes.htm

Approved Share/Option Schemes

Do not include details of options granted from Inland Revenue approved Company Share Option Schemes, Savings Related Schemes (SAYE) and shares acquired from approved Share Incentive Plans.

Enterprise Management Incentives (EMI)

Do not include details of EMI options granted up to £100,000. You must include in section 1a EMI options granted in excess of £100,000.

No Reportable Events

If there are no reportable events, go to page 16 and complete sections 6 and 7, and return the form to me.

Reportable Events

a. Newly Incorporated Companies

If the company was incorporated during the tax year ended 5 April 2005 and the directors/employees only acquired unrestricted founder or subscriber shares, go to page 16 and complete section 5. Then sign the declaration in section 7 and return only page 16 to me.

b. Other Reportable Events

If there are reportable events to disclose, the index below will help you identify which sections of the form you need to complete and will direct you to the appropriate page. You only need to complete those pages where there is a reportable event. Please tick the box shown opposite the reportable events for which you are giving details. Then sign the declaration on page 16 and return the form to me.

<i>Page</i>	<i>Reportable Events</i>	
	Section 1 Securities Options (including share options) You must complete this section if employees were granted or exercised options (including consideration received for giving up the option).	✓
4	1a Grant of securities options	<input type="checkbox"/>
5	1b Acquisition of securities in connection with (including exercise of) securities options	<input type="checkbox"/>
6	1c Assignment and release of securities options	<input type="checkbox"/>
	Section 2 Acquisition of Securities (including shares) You must complete this section if securities were acquired by employees. Where securities have any restrictions, complete Sections 2c and 2d.	
7	2a Acquisition of unrestricted securities (do not report in this section any securities that have already been reported in section 1b).	<input type="checkbox"/>
7	2b Acquisition of securities with an artificially reduced market value	<input type="checkbox"/>
8	2c Acquisition of restricted securities without a forfeiture provision	<input type="checkbox"/>
9	2d Acquisition of restricted securities with a forfeiture provision	<input type="checkbox"/>
	Section 3 Events occurring after the acquisition of securities You must complete this section if taxable events occurred after the employee has acquired the securities.	
10	3a Restricted securities acquired after 15 April 2003	<input type="checkbox"/>
11	3b Shares subject to forfeiture acquired before 16 April 2003	<input type="checkbox"/>
11	3c Variation of restrictions for shares acquired before 16 April 2003	<input type="checkbox"/>
12	3d Conversion of securities on or after 6 April 2004	<input type="checkbox"/>
13	3e Discharge of notional loans	<input type="checkbox"/>
13	3f Receipt of other benefits from securities	<input type="checkbox"/>
14	3g Securities sold for more than market value	<input type="checkbox"/>
14	3h Artificial enhancement of market value	<input type="checkbox"/>
15	3i Artificial reduction of market value	<input type="checkbox"/>

a. Employment-related securities (including shares/share options)

'Employment-related' securities and securities option are securities acquired or are deemed to have been acquired because of employment when the opportunity to acquire them is made available to employees by an employer or a person connected with an employer.

Securities include

- shares in any body corporate (wherever incorporated) or in any unincorporated body constituted under the law of a country or territory outside the United Kingdom,
- debentures, loans, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,
- warrants and other instruments entitling their holders to subscribe for securities,
- certificates and other instruments conferring rights in respect of securities held by persons other than the persons on whom the rights are conferred and the transfer of which may be effected without the consent of those persons,
- units in a collective investment scheme,
- futures, **and**
- rights under contracts for differences or contracts similar to contracts for differences.

b. Operation of PAYE and NIC

PAYE and NIC must be operated on all taxable amounts provided in the form of 'readily convertible assets'.

c. Readily Convertible Assets (RCA's)

Securities (including shares) are readily convertible assets if

- the securities can be sold or otherwise realised on a recognised investment exchange, such as the London Stock Exchange, the New York Stock Exchange, etc, **or**
- trading arrangements are in place in respect of the securities at the time the taxable income is provided, **or**
- trading arrangements are likely to come into existence in accordance with arrangements or an understanding in place at the time the taxable income is provided.

In all other cases, securities are deemed to be RCA's and subject to PAYE and NIC if securities are not shares for which the company is entitled to a Corporation Tax deduction by reason of Schedule 23 to the Finance Act 2003.

d. Non-resident or not ordinarily resident employees

- Do not complete section 1 or section 2 if the employee was non-resident at the date of option grant or securities award, and the grant or award was not in respect of prospective or former employment.
- Do not complete sections 3a, 3b, 3c, 3d, 3f and 3g if the employee was non-resident, or was resident but not ordinarily resident, at the date of securities award, **and** the award was not in respect of employment including future or former employment when employee was resident and ordinarily resident.

e. Artificial adjustment of market value arising from non-commercial actions

Sections 2b, 3h and 3i apply to artificial increases and reductions in the market value of securities arising from non-commercial actions. Non-commercial actions include anything done

- other than for a genuine commercial purpose
- as part of a scheme or arrangement designed to avoid tax or NIC
- between companies in a group of companies on terms other than would be expected from persons acting at arm's length.

f. Market Value

The market value to be shown is the best available value at the time of the particular transaction. Where the value you enter on this form differs from that on which PAYE and NIC was operated, you should attach a note to this form explaining the difference. If, after the submission of this form, you determine that a different value is more appropriate, then that revised value should be used in your Corporation Tax computation and by employees in their Self-Assessment Tax Returns. There is no need to send in a revised Form 42. Provided that the valuation reported on this form is the best available at the time of the transaction, then if a different value is subsequently agreed, we will not regard the form as incorrect.

1.b. Acquisition of securities in connection with (including exercise of) securities options

You must complete this section where securities including shares were acquired in connection with an employment-related securities option during the tax year ended 5 April 2005. You do not need to complete section 2a in addition to this section for shares acquired by exercise of an option.

Column 4 Non-residents: If an employee was not both resident and ordinarily resident when the option was granted, enter a tick in column 4. A notional loan may arise which should be returned each year on forms P11D. See section 3e to provide details of the discharge of such notional loans.

Column 6 Date securities acquired: This is the date an employee or a person connected with the employee acquires a beneficial interest in the securities connected to the option. In most cases, this will be the date of exercise rather than the date that the securities are transferred or an ownership certificate is issued.

Column 7 Elections: If an election has not been made leave this column blank. Enter '1' in column 7 if an election has been made to disregard all restrictions. Enter '2' if an election has been made leaving some restrictions outstanding. Where an election has been made, the effect of some or all of the restrictions is ignored in determining the market value.

Column 9 Market Value (see Note f on page 3)

- If the securities do not carry any restrictions, enter the market value here.
- If the securities carry restrictions (including personal restrictions) enter the restricted market value in column 9.
- If '1' in column 7, enter the unrestricted market value in column 9.
- If '2' in column 7, enter in column 9 the market value of the securities taking into account restrictions still attached to the securities.
- If the market value of these securities has been artificially reduced (see section 2b) by more than 10% in a period of 7 years ending on the date of acquisition, complete this section entering the reduced market value in column 9 then complete Section 2b.

Deductible amounts: Enter in column 10 the total consideration paid for the grant of the option and for the acquisition of the securities (including the exercise price) together with expenses incurred in connection with the **acquisition** of the securities. Do not include any expenses in connection with the sale or disposal of the securities.

1	2	3	4	5	6	7	8	9	10	11	12		13
Name of employee and National Insurance number	Employer's name and PAYE reference	Date of Grant	Not resident and ordinarily resident at grant (✓/) (see note above)	Description of securities	Date securities acquired in connection with the option (see note above)	Election to disregard restrictions (enter 1, 2 or leave blank see note above)	Number of securities acquired	Total market value of securities acquired (see note above)	Deductible amounts (including exercise price) (see note above)	If tax arises, was PAYE/NIC operated? (Yes/No)	Amount of employer's NIC paid by the employee		Date the NIC liability paid by employee was paid to the Inland Revenue
											Agreement	Election	
Mr D Carr AB234567C	ABC Ltd 001/A1	30/09/2003		A share in ABC Ltd	30/1/2005		1000	£2,000	£1,000	Yes		£128	10/2/2005

1.c. Assignment and release of securities options

You must complete this section if a chargeable event has arisen during the tax year ended 5 April 2005.

Chargeable events are

- the assignment or release of the securities options for consideration (unless the consideration received is another securities option), or
- the receipt of a benefit in money or money's worth in connection with the securities option (other than the acquisition of securities shown in Section 1b).

Do not complete this section if options lapse for nil consideration.

If the consideration received is in the form of securities the market value of which has been artificially reduced (see section 3j) by more than 10% in the 7 year period ending on the date the consideration is received, complete column 8 ignoring the effect of the artificial reduction.

1	2	3	4	5	6	7	8	9	10		11
									Agreement	Election	
Name of employee and National Insurance number	Employer's name and PAYE reference	Date of Grant	Description of securities under option	Date of chargeable event	Chargeable event	Number of securities subject to chargeable event	Total amount of consideration or benefit received (see note above)	If tax arises, was PAYE/NIC operated? (Yes/No)	Amount of employer's NIC paid by employee	Date the NIC liability paid by employee was paid to the Inland Revenue	
<i>Mr D Coore AB234567C</i>	<i>ABC Ltd 001/A1</i>	<i>30/9/2004</i>	<i>A Share in ABC Ltd</i>	<i>30/1/2005</i>	<i>Release</i>	<i>1000</i>	<i>£1,000</i>	<i>Yes</i>	<i>£128</i>	<i>10/2/2005</i>	

Section 2 Acquisition of securities (including shares)

2.a. Acquisition of unrestricted securities

You must complete this section if unrestricted securities were acquired during the tax year ended 5 April 2005.

Column 6 Market Value (see Note f on page 3)

Where the unrestricted securities are convertible securities, the entry in box 6 will be the market value of those securities excluding the right to convert.

Research institution spin-out company

If the shares acquired are in a Research institution spin-out company, enter in column 6 'spin-out relief'. Do not enter in column 6 a market value.

You do not need to complete this section for any securities that have already been reported in section 1b.

1	2	3	4	5	6	7	8
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of securities	Date securities acquired	Number of securities	Total Market Value of securities when acquired (see note above)	Price (if any) paid by employee	If tax arises, was PAYE/NIC operated? (Yes/No)
Mr D Carr AB234567C	ABC Ltd 001/A1	A Share in ABC Ltd	30/9/2004	1000	£2,000	Nil	Yes

2.b. Acquisition of securities with an artificially reduced market value

You must complete this section where the market value of the employment-related securities acquired during the tax year ended 5 April 2005 has been reduced by at least 10% as a result of non-commercial actions (see Note e on page 3) in a period of 7 years ending on the date of acquisition.

Market Value (see Note f on page 3)

1	2	3	4	5	6	7	8	9
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of securities	Date securities acquired	Number of securities	Total actual Market Value of securities when acquired	Total Market Value of securities when acquired ignoring the effect of the artificial reduction in value	Price (if any) paid by employee	If tax arises, was PAYE/NIC operated? (Yes/No)
Mr D Carr AB234567C	ABC Ltd 001/A1	A Share in ABC Ltd	30/9/2004	1000	£2,000	£3,000	Nil	Yes

2.c. Acquisition of restricted securities without a forfeiture provision

You must complete this section if restricted securities with no forfeiture provisions were acquired during the tax year ended 5 April 2005.

Restricted Securities

Securities (or an interest in securities) are restricted securities if their market value is less than it would otherwise be because

- there is a restriction on the rights relating to the securities. This includes restrictions on the rights to retain or dispose of the securities
- there is a provision under which a disadvantage may arise from the exercise of rights related to the securities. This includes disadvantages arising from the retention or disposal of the securities.

The securities are not restricted because of a provision under which they must be sold or transferred should employment end by reason of misconduct.

Elections: Enter '1' in column 6 if an election has been made to disregard all restrictions. Enter '2' if an election has been made leaving some restrictions outstanding. Where an election has been made, the effect of some or all of the restrictions is ignored in determining the market value.

Market Value (see note f on page 3)

- If '1' in column 6, do not complete column 7 and enter the unrestricted market value in column 8.
- If '2' in column 6, or no election has been made, enter the market value reflecting the outstanding restrictions in column 7 and the unrestricted market value in column 8.
- If an employee was not both resident and ordinarily resident, enter the market value reflecting the restrictions in column 7. Ignore columns 6 and 8.

1	2	3	4	5	6	7	8	9	10	11		12
										Agreement	Election	
Name of employee and National Insurance number <i>Mr D Carr AB234567C</i>	Employer's name and PAYE reference <i>ABC Ltd 001/A1</i>	Description of securities <i>A Share in ABC Ltd</i>	Date securities acquired <i>30/11/2005</i>	Number of securities <i>1000</i>	Elections (enter 1, 2 or leave blank. See note above) <i>1</i>	Actual Market Value of securities when acquired taking account of restrictions	Total Unrestricted Market Value of securities when acquired <i>£1,000</i>	Price (if any) paid by employee <i>Nil</i>	If tax arises, was PAYE/NIC operated? (Yes/No) <i>Yes</i>	Amount of employer's NIC paid by employee <i>£128</i>	Date the NIC liability paid by employee was paid to the Inland Revenue <i>10/2/2005</i>	

2.d. Acquisition of restricted securities with a forfeiture provision

You must complete this section if securities subject to a forfeiture provision were acquired during the year ended 5 April 2005. If the forfeiture provisions last for more than 5 years from acquisition, an income tax charge will arise at the date of acquisition. If the provision lasts for 5 years or less from acquisition, the income tax charge will arise when the provision is lifted or the securities are sold, but see the last bullet point under Market Value below.

Elections

- If you have elected with your employees to ignore all restrictions attaching to the securities, enter '1' in column 6.
- If you have elected with your employees to ignore certain restrictions attaching to the securities, enter '2' in column 6.
- If you have elected with your employees for tax to arise on acquisition, enter '3' in column 6.

Market Value (see Note f on page 3)

- If '1' in column 6, do not complete column 7 and enter the unrestricted market value in column 8.
- If '2' in column 6, enter the market value taking account of the outstanding restrictions in column 7 and the unrestricted market value in column 8.
- If '3' in column 6, enter the market value reflecting the forfeiture provision in column 7 and the unrestricted market value in column 8.
- If no election has been made and the forfeiture provision lasts more than 5 years, complete columns 7 and 8.
- If the forfeiture provision lasts for 5 years or less but an employee was not both resident and ordinarily resident (see Note d on page 3), income tax will arise on acquisition. Complete this section ignoring columns 6 and 8.

1 Name of employee and National Insurance number	2 Employer's name and PAYE reference	3 Description of securities	4 Date securities acquired	5 Number of securities	6 Elections (enter 1, 2, 3 or leave blank. See note above)	7 Total actual Market Value of securities when acquired taking account of restrictions	8 Total Unrestricted Market Value of securities when acquired	9 Price (if any) paid by employee	10 If tax arises, was PAVE/NIC operated? (Yes/No)	11 Amount of employer's NIC paid by employee		12 Date the NIC liability paid by employee was paid to the Inland Revenue
										Agreement	Election	
<i>Mr D Carr AB234567C</i>	<i>ABC Ltd 001/A1</i>	<i>A Share in ABC Ltd</i>	<i>30/1/2005</i>	<i>1000</i>	<i>1</i>		<i>£2,000</i>	<i>Nil</i>	<i>Yes</i>		<i>£128</i>	<i>10/2/2005</i>

Section 3 Events occurring after the acquisition of securities

This section provides for details of taxable events arising after securities have been acquired and in addition to any tax paid when the securities were acquired. (See Note d on page 3 regarding non-resident or not ordinarily resident employees.)

3.a. Restricted Securities acquired after 15 April 2003

You must complete this section if restricted securities were acquired on or after 16 April 2003 and a chargeable event arises during the tax year ended 5 April 2005. Securities are Restricted Securities if their market value is less than it would otherwise be as a result of certain restrictions relating to transfer, reversion or forfeiture relating to the securities (see section 2c on page 8).

Post acquisition chargeable events arise if

- the securities cease to be subject to forfeiture
- any restriction relating to the securities is removed or varied by any means, including the passage of time
- the securities are sold to an unconnected person while still restricted.

Do not complete this section if the exceptions detailed at Section 429 ITEPA 2003 apply, or a Section 431(1) ITEPA 2003 election to ignore all restrictions has been entered into.

Chargeable amount

The chargeable amount is calculated by the application of a formula. An electronic calculator to help you determine this amount is available from the address shown on the front of this form. A manual worksheet is also available from the same contact point or from www.inlandrevenue.gov.uk/shareschemes

Convertible securities: if the restricted securities are convertible securities, enter figures of market value in columns 7 and 8 ignoring the effect of the right to convert.

Market Value (see Note f on page 3)

Enter in column 7 the market value of the securities immediately after the chargeable event ignoring any restrictions.

Complete column 8 if any restrictions remain after the chargeable event taking account of these restrictions. Do not complete this column if you have entered an election to ignore all restrictions that remain after this chargeable event.

1	2	3	4	5	6	7	8	9	10	11	12		13
											Amount of employer's NIC paid by employee	Election	
Name of employee and National Insurance number	Employer's name and PAYE reference	Date securities originally acquired	Description of securities	Date of chargeable event	Nature of chargeable event (see note above)	Total Unrestricted Market Value (UMV)	Actual Market Value (AMV)	Total chargeable amount	Artificial reduction (see section 3i, events 1 or 2) (✓)	If tax arises, was PAYE/NIC operated? (Yes/No)	Agreement	Election	Date the NIC liability paid by employee was paid to the Inland Revenue
Mr D Carr AB234567C	ABC Ltd 001/AT	30/9/2004	A Share in ABC Ltd	30/11/2005	Release of block on sale	£2,000		£500		Yes		£128	10/2/2005

3.b. Shares subject to forfeiture acquired before 16 April 2003

You may use this section to provide details of chargeable events arising in the tax year ended 5 April 2005 in respect of shares acquired before 16 April 2003.

Chargeable event: the following events may give rise to an income tax charge:

- the disposal of the shares whilst still subject to the risk of forfeiture
- the lifting of the risk of forfeiture
- the adjustment of the terms of the shares so that they cease to be 'conditional shares' within the meaning of Section 424 ITEPA 2003 (before the change made by Finance Act 2003).

Deductible amount: each of the following is a deductible amount:

- payments made to acquire the shares
- amounts subject to income tax in respect of the acquisition of the shares.

1	2	3	4	5	6	7	8	9	10	11	12	13
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of shares	Date shares originally acquired	Nature of chargeable event	Number of shares	Date of chargeable event	Total Market Value of shares at date of chargeable event	Artificial reduction (see section 3i, event 3) (%)	Total deductible amount	If tax arises, was PAYE/NIC operated? (Yes/No)	Amount of employer's NIC paid by employee	Date the NIC liability paid by employee was paid to the Inland Revenue
											Agreement	Election
Mr D Carr AB234567C	ABC Ltd 001/A1	A Shares in ABC Ltd	30/9/2002	Lifting forfeiture provision	1000	30/11/2005	£2,000		£1,000	Yes	£128	10/2/2005

3.c. Variation of restrictions for Shares acquired before 16 April 2003

You may use this section to provide details of chargeable events in the tax year ended 5 April 2005 if the value of shares acquired before 16 April 2003 is increased by an alteration in the rights or any restrictions attached to them or to other shares in the company.

Do not complete this section in connection with the variation if

- all of the shares of the same class are similarly restricted, and
- the majority of the shares are held by persons other than employees or directors, or
- employees or directors control the company by virtue of their holdings of that class of shares, or
- the company is a subsidiary and has only one class of shares.

1	2	3	4	5	6	7	8
Name of employee and National Insurance number	Employer's name and PAYE reference	Date shares originally acquired	Nature of variation	Date of variation	Total Market Value of shares directly before variation	Total Market Value of shares directly after variation	Number of shares
Mr D Carr AB234567C	ABC Ltd 001/A1	30/9/2002	new dividend rights	30/11/2005	£1,500	£3,000	500

3.d. Conversion of Securities on or after 6 April 2004

You must complete this section if an employee has acquired employment-related securities that carry an immediate or potential entitlement to be converted into securities of a different description and a chargeable event occurs on or after 6 April 2004.

Chargeable events are

- the conversion of securities into securities of a different description
- the disposal of the securities whilst they carry the entitlement to convert
- the release of the entitlement to convert
- the receipt of money or money's worth in connection with the entitlement to convert.

Do not complete this section if

- all the shares of the same class are convertible securities, and
- all the shares of the same class are affected by an event similar to the chargeable event, and either immediately before the chargeable event
 - employees hold the majority of the company's shares of that class and as a consequence can control the company, or
 - associated companies, employees and their relations do not hold the majority of the company's shares of the same class as those shares acquired
- and the avoidance of tax and NIC was not the main purpose, or one of the main purposes, of the arrangements under which the right or opportunity to acquire the employment-related securities was made available.

Deductible amounts enter

- the total of any consideration paid for the entitlement to convert (the excess of this payment over the non-convertible market value of the securities upon acquisition)
- any amount given for the actual conversion of the securities and expenses incurred in connection with the conversion.

1	2	3	4	5	6	7	8	9	10	11	12	13		14
												Amount of employer's NIC paid by employee	Election	
Mr D Carr AB234567C	ABC Ltd 001/A1	20/2/2002	C Class convertible Shares in ABC Ltd	Conversion 30/1/2005	£1,500	£1,000		500	Nil	N/A	Yes		£128	10/2/2005

3.e. Discharge of notional loans

You must complete this section where the employment-related securities were acquired on or after 16 April 2003 and a notional loan (see Section 1b) is treated as discharged (creating a taxable amount) when the employment-related securities are disposed of other than to a connected person or an outstanding liability to pay for the securities is released.

1	2	3	4	5	6	7	8
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of securities	Date securities originally acquired	Number of securities	Date of discharge	Amount of notional loan outstanding immediately before discharge	If tax arises, was PAYE/NIC operated? (Yes/No)
<i>Mr D Carr AB234567C</i>	<i>ABC Ltd 001/A1</i>	<i>A Class Shares in ABC Ltd</i>	<i>30/9/2004</i>	<i>500</i>	<i>30/1/2005</i>	<i>£500</i>	<i>Yes</i>

3.f. Receipt of other benefits from securities

You must complete this section if an employee or a person connected with the employee has received a benefit not otherwise chargeable to income tax by reason of their ownership of employment-related securities and that benefit was received on or after 6 April 2004.

Research institution spin-out company

If the shares acquired are in a spin-out company, enter in column 7 'spin-out relief' and leave column 8 blank.

1	2	3	4	5	6	7	8	9	10
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of securities	Date securities originally acquired	Number of securities	Date benefit received	Nature of benefit	Amount or Market Value of the benefit	Artificial reduction (see section 3i event 6) (✓)	If tax arises, was PAYE/NIC operated? (Yes/No)
<i>Mr D Carr AB234567C</i>	<i>ABC Ltd 001/A1</i>	<i>A Class Shares in ABC Ltd</i>	<i>30/9/2004</i>	<i>500</i>	<i>30/1/2005</i>	<i>Ratchet arrangement</i>	<i>£1,000</i>		<i>Yes</i>

3.g. Securities sold for more than market value

You must complete this section if the employee or a person connected with the employee has disposed of employment-related securities on or after 6 April 2004 for more than their market value at the time of disposal. In this case the consideration received on disposal of the employment-related securities less their market value and expenses incurred at the time of disposal is employment income of the employee.

1	2	3	4	5	6	7	8	9	10	11
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of securities	Date securities originally acquired	Number of securities	Date of disposal	Consideration received on disposal	Total Market Value of securities on disposal	Artificial reduction (see section 3i event 7) (✓)	Expenses incurred on disposal (if any)	If tax arises, was PAYE/NIC operated? (Yes/No)
<i>Mr D Carr AB234567C</i>	<i>ABC Ltd 001/AT</i>	<i>A Class Shares in ABC Ltd</i>	<i>30/9/2004</i>	<i>500</i>	<i>30/1/2005</i>	<i>£1,250</i>	<i>£1,000</i>		<i>Nil</i>	<i>Yes</i>

3.h. Artificial enhancement of market value

You must complete this section if the market value of an employee's employment-related securities is increased by more than 10% in a relevant period by non-commercial actions (see Note e on page 3) and the date of the taxable event is on or after 6 April 2004 regardless of when the securities were acquired.

The relevant period runs from the date securities are acquired to the earlier of the date of disposal or 5 April 2005.

The date of the taxable event will be 5 April 2005 or the date the securities were disposed of if earlier.

Enter a tick in column 9 if the securities were restricted securities (see section 2c) during the relevant period or on the date of the taxable event.

1	2	3	4	5	6	7	8	9	10
Name of employee and National Insurance number	Employer's name and PAYE reference	Description of securities originally acquired	Date securities originally acquired	Number of securities originally acquired	Date of taxable event	Total Unrestricted Market Value on 5 April 2005 or, if earlier, the date the employee disposed of the securities	Total Unrestricted Market Value ignoring effect of artificial increase on date of taxable event	Securities subject to restrictions? (✓)	If tax arises, was PAYE/NIC operated? (Yes/No)
<i>Mr D Carr AB234567C</i>	<i>ABC Ltd 001/AT</i>	<i>A Class Shares in ABC Ltd</i>	<i>30/9/2004</i>	<i>500</i>	<i>5/4/2005</i>	<i>£1,000</i>	<i>£500</i>		<i>Yes</i>

3.i. Artificial reduction of market value

This section applies where the market value of employment-related securities (or other securities) has been artificially reduced by more than 10% in a relevant period by non-commercial actions (see page 3). The table below shows the specific events and the action you must take.

Assets	Event	Event code	Relevant period	Action
Restricted securities acquired on or after 16 April 2003.	Artificially low market value of securities at the end of any tax year or immediately after a chargeable event on or after 6 April 2004 (see section 3a for chargeable events).	1	Period of 7 years ending on date of chargeable event, or if no chargeable event for the year ended 5 April 2005, 7 years ending on 5 April 2004.	Complete section 3a; <ul style="list-style-type: none"> enter in column 7 the unrestricted market value immediately after the chargeable event (or last day of the tax year) ignoring the effect of the artificial reduction enter in column 9 the chargeable amount ignoring the effect of the artificial reduction.
Restricted securities acquired on or after 16 April 2003.	Artificially low market value of any securities received as consideration for the disposal of employment related securities on or after 6 April 2004.	2	Period of 7 years ending on the receipt of the consideration or benefit.	Complete section 3a entering in column 9 the chargeable amount ignoring the effect of the artificial reduction on the securities received as consideration.
Forfeitable shares acquired before 16 April 2003.	Artificially low market value of forfeitable shares immediately after a chargeable event (see section 3b for chargeable events).	3	Period beginning with the later of 7 years before the chargeable event or 5 April 2004.	Complete section 3b entering in column 8 the market value of the shares immediately after the chargeable event ignoring the effect of the artificial reduction.
Convertible securities (including shares).	Artificially low market value of new securities acquired following conversion on or after 6 April 2004.	4	Period of 7 years ending on the date of the conversion.	Complete section 3d entering in column 6 the market value of the new securities ignoring the effect of the artificial reduction as well as any entitlement to convert.
Convertible securities (including shares).	Artificially low market value of any securities received on or after 6 April 2004 as consideration for the disposal or release of an entitlement to convert or otherwise in connection with convertible securities.	5	Period of 7 years ending on the receipt of the consideration or benefit.	Complete section 3d entering in column 6 the market value of securities received as consideration ignoring the effect of the artificial reduction.
Securities: Benefits not otherwise chargeable to income tax.	Artificially low market value of securities received on or after 6 April 2004 as benefits not otherwise chargeable.	6	Period of 7 years ending on the receipt of the benefit.	Complete section 3f entering in column 8 the market value of the securities received ignoring the effect of the artificial reduction.
Securities: Disposal of securities for more than their market value.	Artificially low market value of securities received on or after 6 April 2004 as consideration for the disposal of securities previously acquired.	7	Period of 7 years ending on the receipt of the consideration or benefit.	Complete section 3g entering in column 8 the market value of securities received as consideration ignoring the effect of the artificial reduction.

Section 4 Participating Companies

If only one company is issuing employment-related securities to its employees, there is no need to complete this section. However, if this form is completed to cover a group of companies or organisations, please enter details below of the companies for whom the return applies.

Name of company or organisation	Corporation Tax reference	PAYE reference	Company Registration Number	Existing IR share schemes reference(s) if any

Section 5 Companies incorporated in the year ended 5 April 2005

Complete this section only if the shares acquired are unrestricted securities. Shares are restricted securities if their market value is less than it would be as a result of a restriction on the rights relating to them. If the shares are restricted securities, complete either section 2c or 2d.

1	2	3	4	5	6	7	8
Name of employee and National Insurance number	Employer's name and PAYE Reference	Description of securities	Date securities acquired	Number of securities	Total Market Value of securities (see Note f on page 3)	Price (if any) paid by employee	If tax charged on gain, was PAYE/NIC operated? (Yes/No)
<i>Mr D Carr AB234567C</i>	<i>ABC Ltd 001/A1</i>	<i>A Shares in ABC Ltd</i>	<i>30/9/2004</i>	<i>1</i>	<i>£1</i>	<i>£1</i>	<i>No</i>

If you do not have all the information, for example you may not have the NI number or PAYE reference, you should complete this section as far as possible and explain on the form or in a covering letter why you do not have the missing information. The explanation does not have to be detailed, a brief explanation is sufficient. In some cases we may have to write to you for more details.

Section 6 Nil Return

I confirm that there have been no reportable events in this tax year.



Section 7 Declaration

The information I have given as required by this form is correct and complete to the best of my knowledge and belief. The Taxes Acts require that the declaration should be completed by the Secretary or acting Secretary of the company or any other person authorised by the company to act. If liquidators have been appointed, they should complete the declaration. Sections 108(1) and (3) TMA 1970.

Signature

Date

Telephone

Name (use CAPITAL LETTERS)

Name of Company

Fax

Capacity of reporting person (employer, person treated as employer (i.e. host employer), person issuing the securities or from whom they were acquired)

Position in Company