



Companies Act 1985

1985 CHAPTER 6

PART X

ENFORCEMENT OF FAIR DEALING BY DIRECTORS

Restrictions on directors taking financial advantage

311 Prohibition on tax-free payments to directors.

F1

Textual Amendments

F1 S. 311 repealed (6.4.2007) by [Companies Act 2006 \(c. 46\)](#), ss. 1177, 1295, 1300, [Sch. 16](#); S.I. 2006/3428, arts. 4(1)(c), 7(c), Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

312 Payment to director for loss of office etc.

F2

Textual Amendments

F2 S. 312 repealed (1.10.2007) by [Companies Act 2006 \(c. 46\)](#), ss. 1295, 1300, [Sch. 16](#); S.I. 2007/2194, [art. 8](#), Sch. 2 Pt. 1 (with art. 12)

313 Company approval for property transfer.

F3

Status: Point in time view as at 26/05/2008.

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Textual Amendments

F3 S. 313 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

314 Director’s duty of disclosure on takeover, etc.

F4

Textual Amendments

F4 S. 314 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

315 Consequences of non-compliance with s. 314.

F5

Textual Amendments

F5 S. 315 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

316 Provisions supplementing ss. 312 to 315.

F6

Textual Amendments

F6 S. 316 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

317 Directors to disclose interest in contracts.

- (1) It is the duty of a director of a company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company to declare the nature of his interest at a meeting of the directors of the company.
- (2) In the case of a proposed contract, the declaration shall be made—
 - (a) at the meeting of the directors at which the question of entering into the contract is first taken into consideration; or
 - (b) if the director was not at the date of that meeting interested in the proposed contract, at the next meeting of the directors held after he became so interested;
 and, in a case where the director becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the directors held after he becomes so interested.

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- (3) For purposes of this section, a general notice given to the directors of a company by a director to the effect that—
- (a) he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm; or
 - (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him (within the meaning of section 346 below),
- is deemed a sufficient declaration of interest in relation to any such contract.
- (4) However, no such notice is of effect unless either it is given at a meeting of the directors or the director takes reasonable steps to secure that it is brought up and read at the next meeting of the directors after it is given.
- (5) A reference in this section to a contract includes any transaction or arrangement (whether or not constituting a contract) made or entered into on or after 22nd December 1980.
- (6) For purposes of this section, a transaction or arrangement of a kind described in [F7 section 197, 198, 200, 201 or 203 of the Companies Act 2006] (prohibition of loans, quasi-loans etc. to directors) made by a company for a director of the company or a person connected with such a director is treated (if it would not otherwise be so treated, and whether or not it is prohibited by that section) as a transaction or arrangement in which that director is interested.
- (7) A director who fails to comply with this section is liable to a fine.
- (8) This section applies to a shadow director as it applies to a director, except that a shadow director shall declare his interest, not at a meeting of the directors, but by a notice in writing to the directors which is either—
- (a) a specific notice given before the date of the meeting at which, if he had been a director, the declaration would be required by subsection (2) to be made; or
 - (b) a notice which under subsection (3) falls to be treated as a sufficient declaration of that interest (or would fall to be so treated apart from subsection (4)).
- (9) Nothing in this section prejudices the operation of any rule of law restricting directors of a company from having an interest in contracts with the company.

Textual Amendments

- F7** Words in s. 317(6) substituted (1.10.2007) by [The Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), art. 10(1), [Sch. 4 para. 5](#) (with art. 12)

Modifications etc. (not altering text)

- C1** S. 317 modified (1.2.2001) by [2000 c. 38, s. 56\(4\)\(5\)\(c\)\(8\)](#); S.I. 2001/57, art. 3(1), [Sch. 2 Pt. I](#) (subject to transitional provisions and saving in [Sch. 2 Pt. II](#))
- C2** S. 317 modified (22.2.2008) by [The Northern Rock plc Transfer Order 2008 \(S.I. 2008/432\)](#), arts. 1(2), 17(1), [Sch. para. 1\(c\)](#)

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318 Directors' service contracts to be open to inspection.

F8

Textual Amendments

F8 S. 318 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

319 Director's contract of employment for more than 5 years.

F9

Textual Amendments

F9 S. 319 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

320 Substantial property transactions involving directors, etc.

F10

Textual Amendments

F10 S. 320 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12); s. 320 is expressed to be modified (22.2.2008) by S.I. 2008/432, arts. 1(2), 17(1), **Sch. para. 1(d)**

321 Exceptions from s. 320.

F11

Textual Amendments

F11 S. 321 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

322 Liabilities arising from contravention of s. 320.

F12

Textual Amendments

F12 S. 322 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

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[^{F13}322A Invalidation of certain transactions involving directors, etc.

- (1) This section applies where a company enters into a transaction to which the parties include—
 - (a) a director of the company or of its holding company, or
 - (b) a person connected with such a director or a company with whom such a director is associated,and the board of directors, in connection with the transaction, exceed any limitation on their powers under the company’s constitution.
- (2) The transaction is voidable at the instance of the company.
- (3) Whether or not it is avoided, any such party to the transaction as is mentioned in subsection (1)(a) or (b), and any director of the company who authorised the transaction, is liable—
 - (a) to account to the company for any gain which he has made directly or indirectly by the transaction, and
 - (b) to indemnify the company for any loss or damage resulting from the transaction.
- (4) Nothing in the above provisions shall be construed as excluding the operation of any other enactment or rule of law by virtue of which the transaction may be called in question or any liability to the company may arise.
- (5) The transaction ceases to be voidable if—
 - (a) restitution of any money or other asset which was the subject-matter of the transaction is no longer possible, or
 - (b) the company is indemnified for any loss or damage resulting from the transaction, or
 - (c) rights acquired bona fide for value and without actual notice of the directors exceeding their powers by a person who is not party to the transaction would be affected by the avoidance, or
 - (d) the transaction is ratified by the company in general meeting, by ordinary or special resolution or otherwise as the case may require.
- (6) A person other than a director of the company is not liable under subsection (3) if he shows that at the time the transaction was entered into he did not know that the directors were exceeding their powers.
- (7) This section does not affect the operation of section 35A in relation to any party to the transaction not within subsection (1)(a) or (b).

But where a transaction is voidable by virtue of this section and valid by virtue of that section in favour of such a person, the court may, on the application of that person or of the company, make such order affirming, severing or setting aside the transaction, on such terms, as appear to the court to be just.

- (8) In this section “transaction” includes any act; and the reference in subsection (1) to limitations under the company’s constitution includes limitations deriving—
 - (a) from a resolution of the company in general meeting or a meeting of any class of shareholders, or
 - (b) from any agreement between the members of the company or of any class of shareholders.]

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Textual Amendments

- F13** S. 322A inserted (4.2.1991) (subject to the saving and transitional provisions in S.I. 1990/2569, **art. 7**) by Companies Act 1989 (c. 40, SIF 27), **ss. 109(1)**, 213(2)

Modifications etc. (not altering text)

- C3** S. 322A modified (4.2.1991) by Charities Act 1960 (c. 58, SIF 19), **s. 30B(4)** as inserted (4.2.1991) by Companies Act 1989 (c. 40, SIF 27), **ss. 111(1)**, 213(2)
- C4** S. 322A excluded by S.I. 1990/2569, **art. 7(3)**
- C5** S. 322A applied with modifications by S.I. 1985/680, **arts. 4–6**, **Sch.** as amended (4.2.1991) by S.I. 1990/2571, **art. 2(c)**

322B Contracts with sole members who are directors

F14

Textual Amendments

- F14** S. 322B repealed (1.10.2007) by Companies Act 2006 (c. 46), **ss. 1295**, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, **Sch. 2 Pt. 1** (with **art. 12**)

Share dealings by directors and their families

323 Prohibition on directors dealing in share options.

F15

Textual Amendments

- F15** S. 323 repealed (6.4.2007) by Companies Act 2006 (c. 46), **ss. 1177**, 1295, 1300, **Sch. 16**; S.I. 2006/3428, **arts. 4(1)(c)**, **7(c)**, **Sch. 4 Pt. 1** (subject to **art. 5**, **Sch. 1** and with **arts. 6**, **8**, **Sch. 5** (as amended by S.I. 2007/3495, **art. 11**, **Sch. 5**)); s. 323 is expressed to be modified (22.2.2008) by S.I. 2008/432, **arts. 1(2)**, 17(1), **Sch. para. 1(e)**

324 Duty of director to disclose shareholdings in own company.

F16

Textual Amendments

- F16** S. 324 repealed (6.4.2007) by Companies Act 2006 (c. 46), **ss. 1177**, 1295, 1300, **Sch. 16**; S.I. 2006/3428, **arts. 4(1)(c)**, **7(c)**, **Sch. 4 Pt. 1** (subject to **art. 5**, **Sch. 1** and with **arts. 6**, **8**, **Sch. 5** (as amended by S.I. 2007/3495, **art. 11**, **Sch. 5**)); s. 324 is expressed to be modified (22.2.2008) by S.I. 2008/432, **arts. 1(2)**, 17(1), **Sch. para. 1(f)**

325 Register of directors' interests notified under s. 324.

F17

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Textual Amendments

- F17** S. 325 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5)); s. 325 is expressed to be modified (22.2.2008) by S.I. 2008/432, arts. 1(2), 17(1), **Sch. para. 1(g)**

326 Sanctions for non-compliance.

F18

Textual Amendments

- F18** S. 326 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

327 Extension of s. 323 to spouses [^{F19}, civil partners] and children.

F20

Textual Amendments

- F19** S. 327: words in heading inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(1), 263, **Sch. 27 para. 100(3)**; S.I. 2005/3175, **art. 2(2)**
- F20** S. 327 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

328 Extension of s. 324 to spouses [^{F21}, civil partners] and children.

F22

Textual Amendments

- F21** Words in s. 328 inserted (5.12.2005) by Civil Partnership Act 2004 (c. 33), ss. 261(1), 263, **Sch. 27 para. 101(4)**; S.I. 2005/3175, **art. 2(2)**
- F22** S. 328 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

329 Duty to notify stock exchange of matters notified under preceding sections.

F23

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Textual Amendments

- F23** S. 329 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

*Restrictions on a company's power to make loans,
etc., to directors and persons connected with them*

330 General restriction on loans etc. to directors and persons connected with them.

F24

Textual Amendments

- F24** S. 330 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12); s. 330 is expressed to be modified (22.2.2008) by S.I. 2008/432, arts. 1(2), 17(1), **Sch. para. 1(h)**

331 Definitions for ss. 330 ff.

F25

Textual Amendments

- F25** S. 331 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

332 Short-term quasi-loans.

F26

Textual Amendments

- F26** S. 332 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

333 Inter-company loans in same group.

F27

Textual Amendments

- F27** S. 333 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

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334 Loans of small amounts.

F28

Textual Amendments

F28 S. 334 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

335 Minor and business transactions.

F29

Textual Amendments

F29 S. 335 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

336 Transactions at behest of holding company.

F30

Textual Amendments

F30 S. 336 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

337 Funding of director's expenditure on duty to company.

F31

Textual Amendments

F31 S. 337 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

337A Funding of director's expenditure on defending proceedings

F32

Textual Amendments

F32 S. 337A repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

338 Loan or quasi-loan by money-lending company.

F33

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Textual Amendments

F33 S. 338 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

339 “Relevant amounts” for purposes of ss. 334 ff.

F34

Textual Amendments

F34 S. 339 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

340 “Value” of transactions and arrangements.

F35

Textual Amendments

F35 S. 340 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

341 Civil remedies for breach of s. 330.

F36

Textual Amendments

F36 S. 341 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

342 Criminal penalties for breach of s. 330.

F37

Textual Amendments

F37 S. 342 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8, Sch. 2 Pt. 1** (with **art. 12**)

343 Record of transactions not disclosed in company accounts.

F38

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Textual Amendments

F38 S. 343 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

344 Exceptions from s. 343.

F39

Textual Amendments

F39 S. 344 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1177, 1295, 1300, **Sch. 16**; S.I. 2006/3428, arts. 4(1)(c), **7(c)**, Sch. 4 Pt. 1 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5 (as amended by S.I. 2007/3495, art. 11, Sch. 5))

Supplementary

345 Power to increase financial limits.

F40

Textual Amendments

F40 S. 345 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

346 “Connected persons”, etc.

F41

Textual Amendments

F41 S. 346 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

347 Transactions under foreign law.

F42

Textual Amendments

F42 S. 347 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1295, 1300, **Sch. 16**; S.I. 2007/2194, **art. 8**, Sch. 2 Pt. 1 (with art. 12)

Status:

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