



Companies Act 1985

1985 CHAPTER 6

PART X

ENFORCEMENT OF FAIR DEALING BY DIRECTORS

Restrictions on directors taking financial advantage

316 Provisions supplementing ss. 312-315

- (1) Where in proceedings for the recovery of any payment as having, by virtue of section 313(2) or 315(1), been received by any person in trust, it is shown that—
 - (a) the payment was made in pursuance of any arrangement entered into as part of the agreement for the transfer in question, or within one year before or two years after that agreement or the offer leading to it; and
 - (b) the company or any person to whom the transfer was made was privy to that arrangement,the payment is deemed, except in so far as the contrary is shown, to be one to which the provisions mentioned above in this subsection apply.
- (2) If in connection with any such transfer as is mentioned in any of sections 313 to 315—
 - (a) the price to be paid to a director of the company whose office is to be abolished or who is to retire from office for any shares in the company held by him is in excess of the price which could at the time have been obtained by other holders of the like shares; or
 - (b) any valuable consideration is given to any such director,the excess or the money value of the consideration (as the case may be) is deemed for the purposes of that section to have been a payment made to him by way of compensation for loss of office or as consideration for or in connection with his retirement from office.
- (3) References in sections 312 to 315 to payments made to a director by way of compensation for loss of office or as consideration for or in connection with his

Status: This is the original version (as it was originally enacted).

retirement from office, do not include any bona fide payment by way of damages for breach of contract or by way of pension in respect of past services.

" Pension" here includes any superannuation allowance, superannuation gratuity or similar payment.

- (4) Nothing in sections 313 to 315 prejudices the operation of any rule of law requiring disclosure to be made with respect to such payments as are there mentioned, or with respect to any other like payments made or to be made to a company's directors.