



Companies Act 1985

1985 CHAPTER 6

PART V

SHARE CAPITAL, ITS INCREASE, MAINTENANCE AND REDUCTION

CHAPTER VI

FINANCIAL ASSISTANCE BY A COMPANY FOR ACQUISITION OF ITS OWN SHARES

Provisions applying to both public and private companies

153 Transactions not prohibited by s. 151

- (1) Section 151(1) does not prohibit a company from giving financial assistance for the purpose of an acquisition of shares in it or its holding company if—
 - (a) the company's principal purpose in giving that assistance is not to give it for the purpose of any such acquisition, or the giving of the assistance for that purpose is but an incidental part of some larger purpose of the company, and
 - (b) the assistance is given in good faith in the interests of the company.
- (2) Section 151(2) does not prohibit a company from giving financial assistance if—
 - (a) the company's principal purpose in giving the assistance is not to reduce or discharge any liability incurred by a person for the purpose of the acquisition of shares in the company or its holding company, or the reduction or discharge of any such liability is but an incidental part of some larger purpose of the company, and
 - (b) the assistance is given in good faith in the interests of the company.
- (3) Section 151 does not prohibit—
 - (a) a distribution of a company's assets by way of dividend lawfully made or a distribution made in the course of the company's winding up,
 - (b) the allotment of bonus shares ,

Status: This is the original version (as it was originally enacted).

- (c) a reduction of capital confirmed by order of the court under section 137,
 - (d) a redemption or purchase of shares made in accordance with Chapter VII of this Part,
 - (e) anything done in pursuance of an order of the court under section 425 (compromises and arrangements with creditors and members),
 - (f) anything done under an arrangement made in pursuance of section 582 (acceptance of shares by liquidator in winding up as consideration for sale of property), or
 - (g) anything done under an arrangement made between a company and its creditors which is binding on the creditors by virtue of section 601 (winding up imminent or in progress).
- (4) Section 151 does not prohibit—
- (a) where the lending of money is part of the ordinary business of the company, the lending of money by the company in the ordinary course of its business,
 - (b) the provision by a company in accordance with an employees' share scheme of money for the acquisition of fully paid shares in the company or its holding company,
 - (c) the making by a company of loans to persons (other than directors) employed in good faith by the company with a view to enabling those persons to acquire fully paid shares in the company or its holding company to be held by them by way of beneficial ownership.