



# 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*

#### **154 Special restriction for public companies.**

- (1) In the case of a public company, section 153(4) authorises the giving of financial assistance only if the company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced, if the assistance is provided out of distributable profits.
- (2) For this purpose the following definitions apply—
  - (a) “net assets” means the amount by which the aggregate of the company’s assets exceeds the aggregate of its liabilities (taking the amount of both assets and liabilities to be as stated in the company’s accounting records immediately before the financial assistance is given);
  - (b) “liabilities” includes any amount retained as reasonably necessary for the purpose of providing for any liability [<sup>F1</sup>the nature of which is clearly defined and] which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

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**Status:** Point in time view as at 06/04/2005. This version of this provision has been superseded.

**Changes to legislation:** There are currently no known outstanding effects for the Companies Act 1985, Section 154. (See end of Document for details)

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#### **Textual Amendments**

- F1** Words in s. 154(2)(b) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 15, **Sch. 7 para. 3**

**Status:**

Point in time view as at 06/04/2005. This version of this provision has been superseded.

**Changes to legislation:**

There are currently no known outstanding effects for the Companies Act 1985, Section 154.