



# Companies Act 1985

## 1985 CHAPTER 6

### PART V

#### SHARE CAPITAL, ITS INCREASE, MAINTENANCE AND REDUCTION

### CHAPTER VIII

#### MISCELLANEOUS PROVISIONS ABOUT SHARES AND DEBENTURES

#### *Debentures*

#### [<sup>F1</sup>196 Payment of debts out of assets subject to floating charge (England and Wales).

- (1) The following applies in the case of a company registered in England and Wales, where debentures of the company are secured by a charge which, as created, was a floating charge.
- (2) If possession is taken, by or on behalf of the holders of any of the debentures, of any property comprised in or subject to the charge, and the company is not at that time in course of being wound up, the company's preferential debts shall be paid out of assets coming to the hands of the person taking possession in priority to any claims for principal or interest in respect of the debentures.
- (3) "Preferential debts" means the categories of debts listed in Schedule 6 to the Insolvency Act; and for the purposes of that Schedule "the relevant date" is the date of possession being taken as above mentioned.
- (4) Payments made under this section shall be recouped, as far as may be, out of the assets of the company available for payment of general creditors.]

#### Textual Amendments

**F1** S. 196 substituted by [Insolvency Act 1986 \(c. 45, SIF 66\)](#), s. 439(1), [Sch. 13 Pt. I](#)

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**Status:** Point in time view as at 01/02/1991. This version of this provision has been superseded.

**Changes to legislation:** There are currently no known outstanding effects for the Companies Act 1985, Section 196. (See end of Document for details)

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**Modifications etc. (not altering text)**

- C1** S. 196 applied (11.12.1999) by S.I. 1999/2979, **reg. 14(5)(a)(ii)**
- C2** S. 196 excluded (26.12.2003) by The Financial Collateral Arrangements (No.2) Regulations 2003 (S.I. 2003/3226), **reg. 10(6)**
- C3** S. 196 excluded (6.3.2008) by The Regulated Covered Bonds Regulations 2008 (S.I. 2008/346), regs. 1(1), 46, **Sch. para. 1**
- C4** S. 196(3) applied (7.2.1994) by 1993 c. 48, ss. 128, 193(2), **Sch. 4 para. 4(1)(a)**; S.I. 1994/86, **art 2**

**Status:**

Point in time view as at 01/02/1991. This version of this provision has been superseded.

**Changes to legislation:**

There are currently no known outstanding effects for the Companies Act 1985, Section 196.