



Companies Act 1985

1985 CHAPTER 6

PART VIII

DISTRIBUTION OF PROFITS AND ASSETS

Relevant accounts

274 Method of applying s. 270 to successive distributions

- (1) For the purpose of determining by reference to particular accounts whether a proposed distribution may be made by a company, section 270 has effect, in a case where one or more distributions have already been made in pursuance of determinations made by reference to those same accounts, as if the amount of the proposed distribution was increased by the amount of the distributions so made.
- (2) Subsection (1) of this section applies (if it would not otherwise do so) to—
 - (a) financial assistance lawfully given by a public company out of its distributable profits in a case where the assistance is required to be so given by section 154.
 - (b) financial assistance lawfully given by a private company out of its distributable profits in a case where the assistance is required to be so given by section 155(2).
 - (c) financial assistance given by a company in contravention of section 151. in a case where the giving of that assistance reduces the company's net assets or increases its net liabilities,
 - (d) a payment made by a company in respect of the purchase by it of shares in the company (except a payment lawfully made otherwise than out of distributable profits), and
 - (e) a payment of any description specified in section 168 (company's purchase of right to acquire its own shares, etc.),

being financial assistance given or payment made since the relevant accounts were prepared, as if any such financial assistance or payment were a distribution already made in pursuance of a determination made by reference to those accounts.

Status: This is the original version (as it was originally enacted).

(3) In this section the following definitions apply—

" financial assistance " means the same as in Chapter VI of Part V;

"net assets" has the meaning given by section 154(2)(a); and

" net liabilities ", in relation to the giving of financial assistance by a company, means the amount by which the aggregate amount of the company's liabilities (within the meaning of section 154(2)(b)) exceeds the aggregate amount of its assets, taking the amount of the assets and liabilities to be as stated in the company's accounting records immediately before the financial assistance is given.

(4) Subsections (2) and (3) of this section are deemed to be included in Chapter VII of Part V for purposes of the Secretary of State's power to make regulations under section 179.