



# Companies Act 1985

## 1985 CHAPTER 6

### PART X

#### ENFORCEMENT OF FAIR DEALING BY DIRECTORS

##### *Restrictions on directors taking financial advantage*

#### **320 Substantial property transactions involving directors, etc.**

- (1) With the exceptions provided by the section next following, a company shall not enter into an arrangement—
- (a) whereby a director of the company or its holding company, or a person connected with such a director, acquires or is to acquire one or more non-cash assets of the requisite value from the company; or
  - (b) whereby the company acquires or is to acquire one or more non-cash assets of the requisite value from such a director or a person so connected,
- unless the arrangement is first approved by a resolution of the company in general meeting and, if the director or connected person is a director of its holding company or a person connected with such a director, by a resolution in general meeting of the holding company.
- (2) For this purpose a non-cash asset is of the requisite value if at the time the arrangement in question is entered into its value is not less than [<sup>F1</sup>£2,000] but (subject to that) exceeds [<sup>F2</sup>£100,000] or 10 per cent. of the company's asset value, that is—
- (a) except in a case falling within paragraph (b) below, the value of the company's net assets determined by reference to the accounts prepared and laid under Part VII in respect of the last preceding financial year in respect of which such accounts were so laid; and
  - (b) where no accounts have been so prepared and laid before that time, the amount of the company's called-up share capital.
- (3) For purposes of this section and sections 321 and 322, a shadow director is treated as a director.

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*Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.*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 320. (See end of Document for details)*

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#### **Textual Amendments**

- F1** “£2,000” substituted by [S.I. 1990/1393, art. 2\(a\)](#)  
**F2** “£100,000” substituted by [S.I. 1990/1393, art. 2\(a\)](#)

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

- C1** [S. 320](#) modified (1.2.2001) by [2000 c. 38, s. 56\(4\)\(5\)\(d\)\(8\)](#); [S.I. 2001/57, art. 3\(1\)](#), [Sch. 2 Pt. I](#) (subject to transitional provisions and saving in [Sch. 2 Pt. II](#))
- C2** [S. 320\(1\)](#) restricted (E.W.) (1.1.1993) by [Charities Act 1960 \(c. 58\), s. 30BA\(2\)\(d\)](#) (as inserted (1.1.1993) by [Charities Act 1992 \(c. 41\), s.41](#); [S.I. 1992/1900, art. 4, Sch.3](#)).  
[S. 320\(1\)](#) restricted (E.W.) (1.8.1993) by [1993 c. 10, ss. 66\(1\)\(2\)\(d\)](#), [99\(1\)](#)

**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 320.