



Companies Act 1989

1989 CHAPTER 40

PART V

OTHER AMENDMENTS OF COMPANY LAW

Miscellaneous

130 Company contracts and execution of documents by companies.

- (1) In Chapter III of Part I of the Companies Act 1985 (a company's capacity; the formalities of carrying on business), for section 36 (form of company contracts) substitute—

“36 Company contracts: England and Wales.

Under the law of England and Wales a contract may be made—

- (a) by a company, by writing under its common seal, or
- (b) on behalf of a company, by any person acting under its authority, express or implied;

and any formalities required by law in the case of a contract made by an individual also apply, unless a contrary intention appears, to a contract made by or on behalf of a company.”.

- (2) After that section insert—

“36A Execution of documents: England and Wales.

- (1) Under the law of England and Wales the following provisions have effect with respect to the execution of documents by a company.
- (2) A document is executed by a company by the affixing of its common seal.
- (3) A company need not have a common seal, however, and the following subsections apply whether it does or not.

Status: Point in time view as at 01/02/1993. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1989, Section 130. (See end of Document for details)

- (4) A document signed by a director and the secretary of a company, or by two directors of a company, and expressed (in whatever form of words) to be executed by the company has the same effect as if executed under the common seal of the company.
- (5) A document executed by a company which makes it clear on its face that it is intended by the person or persons making it to be a deed has effect, upon delivery, as a deed; and it shall be presumed, unless a contrary intention is proved, to be delivered upon its being so executed.
- (6) In favour of a purchaser a document shall be deemed to have been duly executed by a company if it purports to be signed by a director and the secretary of the company, or by two directors of the company, and, where it makes it clear on its face that it is intended by the person or persons making it to be a deed, to have been delivered upon its being executed.

A “purchaser” means a purchaser in good faith for valuable consideration and includes a lessee, mortgagee or other person who for valuable consideration acquires an interest in property.”

(3) F1

(4) After the section inserted by subsection (3) insert—

“36C Pre-incorporation contracts, deeds and obligations.

- (1) A contract which purports to be made by or on behalf of a company at a time when the company has not been formed has effect, subject to any agreement to the contrary, as one made with the person purporting to act for the company or as agent for it, and he is personally liable on the contract accordingly.
- (2) Subsection (1) applies—
 - (a) to the making of a deed under the law of England and Wales, and
 - (b) to the undertaking of an obligation under the law of Scotland, as it applies to the making of a contract.”

(5) In Schedule 22 of the ^{M1}Companies Act 1985 (provisions applying to unregistered companies), at the appropriate place insert—

“Section 36	Company contracts.	Subject to section 718(3).
Sections 36A and 36B	Execution of documents.	Subject to section 718(3).
Section 36C	Pre-incorporation contracts, deeds and obligations.	Subject to section 718(3).”.

(6) The Secretary of State may make provision by regulations applying sections 36 to 36C of the Companies Act 1985 (company contracts; execution of documents; pre-incorporation contracts, deeds and obligations) to companies incorporated outside Great Britain, subject to such exceptions, adaptations or modifications as may be specified in the regulations.

Regulations under this subsection shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Status: Point in time view as at 01/02/1993. This version of this provision has been superseded.

*Changes to legislation: There are currently no known outstanding effects
for the Companies Act 1989, Section 130. (See end of Document for details)*

(7) Schedule 17 contains further minor and consequential amendments relating to company contracts, the execution of documents by companies and related matters.

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Textual Amendments

F1 S. 130(3) repealed by [Law Reform \(Miscellaneous Provisions\) \(Scotland\) Act 1990 \(c. 40, SIF 27; 68A:2; 76:2\)](#), s. 74(2), **Sch. 9**

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Marginal Citations

M1 1985 c. 6.

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