



Companies Act 2006

2006 CHAPTER 46

PART 23 U.K.

DISTRIBUTIONS

CHAPTER 3 U.K.

SUPPLEMENTARY PROVISIONS

Consequences of unlawful distribution

847 Consequences of unlawful distribution U.K.

- (1) This section applies where a distribution, or part of one, made by a company to one of its members is made in contravention of this Part.
- (2) If at the time of the distribution the member knows or has reasonable grounds for believing that it is so made, he is liable—
 - (a) to repay it (or that part of it, as the case may be) to the company, or
 - (b) in the case of a distribution made otherwise than in cash, to pay the company a sum equal to the value of the distribution (or part) at that time.
- (3) This is without prejudice to any obligation imposed apart from this section on a member of a company to repay a distribution unlawfully made to him.
- (4) This section does not apply in relation to—
 - (a) financial assistance given by a company in contravention of section 678 or 679, or
 - (b) any payment made by a company in respect of the redemption or purchase by the company of shares in itself.

Status: Point in time view as at 06/04/2008.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006. Cross Heading: Consequences of unlawful distribution. (See end of Document for details)

Commencement Information

- II** [S. 847](#) wholly in force at 6.4.2008; [s. 847](#) not in force at Royal Assent see [s. 1300](#); [s. 847](#) in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(k\)](#) (with savings in [arts. 7, 12](#) and subject to transitional adaptations in [Sch. 1 paras. 14-20](#) and with savings in [Sch. 4 paras. 33-35](#))

Status:

Point in time view as at 06/04/2008.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Cross Heading:
Consequences of unlawful distribution.