



Companies Act 2006

2006 CHAPTER 46

PART 27

MERGERS AND DIVISIONS OF PUBLIC COMPANIES

CHAPTER 4

SUPPLEMENTARY PROVISIONS

Liability of transferee companies

940 Liability of transferee companies for each other's defaults

- (1) In the case of a division, each transferee company is jointly and severally liable for any liability transferred to any other transferee company under the scheme to the extent that the other company has made default in satisfying that liability.

This is subject to the following provisions.

- (2) If^[F1], in the case of a compromise or arrangement to be sanctioned under Part 26,] a majority in number representing 75% in value of the creditors or any class of creditors of the transferor company, present and voting either in person or by proxy at a meeting summoned for the purposes of agreeing to the scheme, so agree, subsection (1) does not apply in relation to the liabilities owed to the creditors or that class of creditors.

[^{F2}(2A) If, in the case of a compromise or arrangement to be sanctioned under Part 26A, a number representing 75% in value of the creditors or any class of creditors of the transferor company, present and voting either in person or by proxy at a meeting summoned for the purposes of agreeing to the scheme, so agree, subsection (1) does not apply in relation to the liabilities owed to the creditors or that class of creditors.]

- (3) A transferee company is not liable under this section for an amount greater than the net value transferred to it under the scheme.

Status: Point in time view as at 26/06/2020.

Changes to legislation: Companies Act 2006, Cross Heading: Liability of transferee companies is up to date with all changes known to be in force on or before 20 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

The “net value transferred” is the value at the time of the transfer of the property transferred to it under the scheme less the amount at that date of the liabilities so transferred.

Textual Amendments

- F1** Words in s. 940(2) inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), s. 49(1), [Sch. 9 para. 36\(17\)\(a\)](#) (with ss. 2(2), 5(2))
- F2** S. 940(2A) inserted (26.6.2020) by [Corporate Insolvency and Governance Act 2020 \(c. 12\)](#), s. 49(1), [Sch. 9 para. 36\(17\)\(b\)](#) (with ss. 2(2), 5(2))

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