



Companies Act 2006

2006 CHAPTER 46

PART 17

A COMPANY'S SHARE CAPITAL

CHAPTER 6

PUBLIC COMPANIES: INDEPENDENT VALUATION OF NON-CASH CONSIDERATION

Non-cash consideration for shares

594 Exception to valuation requirement: arrangement with another company

- (1) Section 593 (valuation of non-cash consideration) does not apply to the allotment of shares by a company ("company A") in connection with an arrangement to which this section applies.
- (2) This section applies to an arrangement for the allotment of shares in company A on terms that the whole or part of the consideration for the shares allotted is to be provided by—
 - (a) the transfer to that company, or
 - (b) the cancellation,of all or some of the shares, or of all or some of the shares of a particular class, in another company ("company B").
- (3) It is immaterial whether the arrangement provides for the issue to company A of shares, or shares of any particular class, in company B.
- (4) This section applies to an arrangement only if under the arrangement it is open to all the holders of the shares in company B (or, where the arrangement applies only to shares of a particular class, to all the holders of shares of that class) to take part in the arrangement.

Status: This is the original version (as it was originally enacted).

- (5) In determining whether that is the case, the following shall be disregarded—
- (a) shares held by or by a nominee of company A;
 - (b) shares held by or by a nominee of a company which is—
 - (i) the holding company, or a subsidiary, of company A, or
 - (ii) a subsidiary of such a holding company;
 - (c) shares held as treasury shares by company B.
- (6) In this section—
- (a) “arrangement” means any agreement, scheme or arrangement (including an arrangement sanctioned in accordance with—
 - (i) Part 26 (arrangements and reconstructions), or
 - (ii) section 110 of the Insolvency Act 1986 (c. 45) or Article 96 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) (liquidator in winding up accepting shares as consideration for sale of company property)), and
 - (b) “company”, except in reference to company A, includes any body corporate.