



# Companies Act 2006

## 2006 CHAPTER 46

### PART 23

#### DISTRIBUTIONS

### CHAPTER 3

#### SUPPLEMENTARY PROVISIONS

#### *Consequences of unlawful distribution*

#### **847 Consequences of unlawful distribution**

- (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.

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**Changes to legislation:** There are currently no known outstanding effects for the Companies Act 2006, Section 847. (See end of Document for details)

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#### 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](#))

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There are currently no known outstanding effects for the Companies Act 2006, Section 847.