



# Companies Act 1985

## 1985 CHAPTER 6

### PART VIII

#### DISTRIBUTION OF PROFITS AND ASSETS

##### *Limits of company's power of distribution*

#### **265 Other distributions by investment companies**

- (1) Subject to the following provisions of this section, an investment company (defined in section 266) may also make a distribution at any time out of its accumulated, realised revenue profits, so far as not previously utilised by distribution or capitalisation, less its accumulated revenue losses (whether realised or unrealised), so far as not previously written off in a reduction or reorganisation of capital duly made—
  - (a) if at that time the amount of its assets is at least equal to one and a half times the aggregate of its liabilities, and
  - (b) if, and to the extent that, the distribution does not reduce that amount to less than one and a half times that aggregate.
- (2) In subsection (1)(a), "liabilities" includes any provision for liabilities or charges (within the meaning of paragraph 89 of Schedule 4).
- (3) The company shall not include any uncalled share capital as an asset in any accounts relevant for purposes of this section.
- (4) An investment company may not make a distribution by virtue of subsection (1) unless—
  - (a) its shares are listed on a recognised stock exchange, and
  - (b) during the relevant period it has not—
    - (i) distributed any of its capital profits, or
    - (ii) applied any unrealised profits or any capital profits (realised or unrealised) in paying up debentures or amounts unpaid on its issued shares.

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*Status: This is the original version (as it was originally enacted).*

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- (5) The "relevant period" under subsection (4) is the period beginning with—
- (a) the first day of the accounting reference period immediately preceding that in which the proposed distribution is to be made, or
  - (b) where the distribution is to be made in the company's first accounting reference period, the first day of that period,
- and ending with the date of the distribution.
- (6) An investment company may not make a distribution by virtue of subsection (1) unless the company gave to the registrar of companies the requisite notice (that is, notice under section 266(1)) of the company's intention to carry on business as an investment company—
- (a) before the beginning of the relevant period under subsection (4), or
  - (b) in the case of a company incorporated on or after 22nd December 1980, as soon as may have been reasonably practicable after the date of its incorporation.