



Companies Act 1985

1985 CHAPTER 6

PART X

ENFORCEMENT OF FAIR DEALING BY DIRECTORS

*Restrictions on a company's power to make loans,
etc., to directors and persons connected with them*

337 Funding of director's expenditure on duty to company

- (1) A company is not prohibited by section 330 from doing anything to provide a director with funds to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him properly to perform his duties as an officer of the company.
- (2) Nor does the section prohibit a company from doing anything to enable a director to avoid incurring such expenditure.
- (3) Subsections (1) and (2) apply only if one of the following conditions is satisfied—
 - (a) the thing in question is done with prior approval of the company given at a general meeting at which there are disclosed all the matters mentioned in the next subsection ;
 - (b) that thing is done on condition that, if the approval of the company is not so given at or before the next annual general meeting, the loan is to be repaid, or any other liability arising under any such transaction discharged, within 6 months from the conclusion of that meeting;but those subsections do not authorise a relevant company to enter into any transaction if the aggregate of the relevant amounts exceeds £10,000.
- (4) The matters to be disclosed under subsection (3)(a) are—
 - (a) the purpose of the expenditure incurred or to be incurred, or which would otherwise be incurred, by the director,
 - (b) the amount of the funds to be provided by the company, and

Status: This is the original version (as it was originally enacted).

- (c) the extent of the company's liability under any transaction which is or is connected with the tiling in question.