



Companies Act 2006

2006 CHAPTER 46

PART 17

A COMPANY'S SHARE CAPITAL

CHAPTER 5

PAYMENT FOR SHARES

General rules

583 Meaning of payment in cash

- (1) The following provisions have effect for the purposes of the Companies Acts.
- (2) A share in a company is deemed paid up (as to its nominal value or any premium on it) in cash, or allotted for cash, if the consideration received for the allotment or payment up is a cash consideration.
- (3) A "cash consideration" means—
 - (a) cash received by the company,
 - (b) a cheque received by the company in good faith that the directors have no reason for suspecting will not be paid,
 - (c) a release of a liability of the company for a liquidated sum,
 - (d) an undertaking to pay cash to the company at a future date, or
 - (e) payment by any other means giving rise to a present or future entitlement (of the company or a person acting on the company's behalf) to a payment, or credit equivalent to payment, in cash.
- (4) The Secretary of State may by order provide that particular means of payment specified in the order are to be regarded as falling within subsection (3)(e).
- (5) In relation to the allotment or payment up of shares in a company—

Status: This is the original version (as it was originally enacted).

- (a) the payment of cash to a person other than the company, or
 - (b) an undertaking to pay cash to a person other than the company,
- counts as consideration other than cash.

This does not apply for the purposes of Chapter 3 (allotment of equity securities: existing shareholders' right of pre-emption).

- (6) For the purpose of determining whether a share is or is to be allotted for cash, or paid up in cash, "cash" includes foreign currency.
- (7) An order under this section is subject to negative resolution procedure.