



Companies Act 2006

2006 CHAPTER 46

PART 17

A COMPANY'S SHARE CAPITAL

CHAPTER 6

PUBLIC COMPANIES: INDEPENDENT VALUATION OF NON-CASH CONSIDERATION

Supplementary provisions

606 Power of court to grant relief

- (1) A person who—
- (a) is liable to a company under any provision of this Chapter in relation to payment in respect of any shares in the company, or
 - (b) is liable to a company by virtue of an undertaking given to it in, or in connection with, payment for any shares in the company,
- may apply to the court to be exempted in whole or in part from the liability.
- (2) In the case of a liability within subsection (1)(a), the court may exempt the applicant from the liability only if and to the extent that it appears to the court just and equitable to do so having regard to—
- (a) whether the applicant has paid, or is liable to pay, any amount in respect of—
 - (i) any other liability arising in relation to those shares under any provision of this Chapter or Chapter 5, or
 - (ii) any liability arising by virtue of any undertaking given in or in connection with payment for those shares;
 - (b) whether any person other than the applicant has paid or is likely to pay, whether in pursuance of any order of the court or otherwise, any such amount;
 - (c) whether the applicant or any other person—

Status: This is the original version (as it was originally enacted).

- (i) has performed in whole or in part, or is likely so to perform any such undertaking, or
 - (ii) has done or is likely to do any other thing in payment or part payment for the shares.
- (3) In the case of a liability within subsection (1)(b), the court may exempt the applicant from the liability only if and to the extent that it appears to the court just and equitable to do so having regard to—
 - (a) whether the applicant has paid or is liable to pay any amount in respect of liability arising in relation to the shares under any provision of this Chapter or Chapter 5;
 - (b) whether any person other than the applicant has paid or is likely to pay, whether in pursuance of any order of the court or otherwise, any such amount.
- (4) In determining whether it should exempt the applicant in whole or in part from any liability, the court must have regard to the following overriding principles—
 - (a) that a company that has allotted shares should receive money or money's worth at least equal in value to the aggregate of the nominal value of those shares and the whole of any premium or, if the case so requires, so much of that aggregate as is treated as paid up;
 - (b) subject to this, that where such a company would, if the court did not grant the exemption, have more than one remedy against a particular person, it should be for the company to decide which remedy it should remain entitled to pursue.
- (5) If a person brings proceedings against another ("the contributor") for a contribution in respect of liability to a company arising under any provision of this Chapter or Chapter 5 and it appears to the court that the contributor is liable to make such a contribution, the court may, if and to the extent that it appears to it, just and equitable to do so having regard to the respective culpability (in respect of the liability to the company) of the contributor and the person bringing the proceedings—
 - (a) exempt the contributor in whole or in part from his liability to make such a contribution, or
 - (b) order the contributor to make a larger contribution than, but for this subsection, he would be liable to make.
- (6) Where a person is liable to a company under section 604(2) (agreement for transfer of non-cash asset: effect of contravention), the court may, on application, exempt him in whole or in part from that liability if and to the extent that it appears to the court to be just and equitable to do so having regard to any benefit accruing to the company by virtue of anything done by him towards the carrying out of the agreement mentioned in that subsection.