



Companies Act 1985

1985 CHAPTER 6

PART IV

ALLOTMENT OF SHARES AND DEBENTURES

General provisions as to allotment

80 Authority of company required for certain allotments.

- (1) The directors of a company shall not exercise any power of the company to allot relevant securities, unless they are, in accordance with this section [^{F1}or section 80A], authorised to do so by—
 - (a) the company in general meeting; or
 - (b) the company's articles.
- (2) In this section "relevant securities" means—
 - (a) shares in the company other than shares shown in the memorandum to have been taken by the subscribers to it or shares allotted in pursuance of an employees' share scheme, and
 - (b) any right to subscribe for, or to convert any security into, shares in the company (other than shares so allotted);and a reference to the allotment of relevant securities includes the grant of such a right but (subject to subsection (6) below), not the allotment of shares pursuant to such a right.
- (3) Authority under this section may be given for a particular exercise of the power or for its exercise generally, and may be unconditional or subject to conditions.
- (4) The authority must state the maximum amount of relevant securities that may be allotted under it and the date on which it will expire, which must be not more than 5 years from whichever is relevant of the following dates—
 - (a) in the case of an authority contained in the company's articles at the time of its original incorporation, the date of that incorporation; and

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

- (b) in any other case, the date on which the resolution is passed by virtue of which the authority is given;
- but such an authority (including an authority contained in the articles) may be previously revoked or varied by the company in general meeting.
- (5) The authority may be renewed or further renewed by the company in general meeting for a further period not exceeding 5 years; but the resolution must state (or restate) the amount of relevant securities which may be allotted under the authority or, as the case may be, the amount remaining to be allotted under it, and must specify the date on which the renewed authority will expire.
- (6) In relation to authority under this section for the grant of such rights as are mentioned in subsection (2)(b), the reference in subsection (4) (as also the corresponding reference in subsection (5)) to the maximum amount of relevant securities that may be allotted under the authority is to the maximum amount of shares which may be allotted pursuant to the rights.
- (7) The directors may allot relevant securities, notwithstanding that authority under this section has expired, if they are allotted in pursuance of an offer or agreement made by the company before the authority expired and the authority allowed it to make an offer or agreement which would or might require relevant securities to be allotted after the authority expired.
- (8) A resolution of a company to give, vary, revoke or renew such an authority may, notwithstanding that it alters the company's articles, be an ordinary resolution; but it is in any case subject to section 380 of this Act (copy to be forwarded to registrar within 15 days).
- (9) A director who knowingly and wilfully contravenes, or permits or authorises a contravention of, this section is liable to a fine.
- (10) Nothing in this section affects the validity of any allotment.
- (11) This section does not apply to any allotment of relevant securities by a company, other than a public company registered as such on its original incorporation, if it is made in pursuance of an offer or agreement made before the earlier of the following two dates—
- (a) the date of the holding of the first general meeting of the company after its registration or re-registration as a public company, and
 - (b) 22nd June 1982;
- but any resolution to give, vary or revoke an authority for the purposes of section 14 of the ^{M1}Companies Act 1980 or this section has effect for those purposes if passed at any time after the end of April 1980.

Textual Amendments

- F1** Words inserted (subject to the transitional and savings provisions in [S.I. 1990/355, arts. 4, 10, Sch. 4](#)) by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 115\(1\), 213\(2\)](#)

Marginal Citations

- M1** [1980 c. 22.](#)

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

[^{F2}80A Election by private company as to duration of authority.

- (1) A private company may elect (by elective resolution in accordance with section 379A) that the provisions of this section shall apply, instead of the provisions of section 80(4) and (5), in relation to the giving or renewal, after the election, of an authority under that section.
- (2) The authority must state the maximum amount of relevant securities that may be allotted under it and may be given—
 - (a) for an indefinite period, or
 - (b) for a fixed period, in which case it must state the date on which it will expire.
- (3) In either case an authority (including an authority contained in the articles) may be revoked or varied by the company in general meeting.
- (4) An authority given for a fixed period may be renewed or further renewed by the company in general meeting.
- (5) A resolution renewing an authority—
 - (a) must state, or re-state, the amount of relevant securities which may be allotted under the authority or, as the case may be, the amount remaining to be allotted under it, and
 - (b) must state whether the authority is renewed for an indefinite period or for a fixed period, in which case it must state the date on which the renewed authority will expire.
- (6) The references in this section to the maximum amount of relevant securities that may be allotted shall be construed in accordance with section 80(6).
- (7) If an election under this section ceases to have effect, an authority then in force which was given for an indefinite period or for a fixed period of more than five years—
 - (a) if given five years or more before the election ceases to have effect, shall expire forthwith, and
 - (b) otherwise, shall have effect as if it had been given for a fixed period of five years.]

Textual Amendments

- F2** S. 80A inserted (subject to the transitional and savings provisions as mentioned in S.I. 1990/355, arts. 4, 10, Sch. 4) by Companies Act 1989 (c. 40, SIF 27), ss. 115(1), 213(2)

[^{F3}81 Restriction on public offers by private company.

- (1) A private limited company (other than a company limited by guarantee and not having a share capital) commits an offence if it—
 - (a) offers to the public (whether for cash or otherwise) any shares in or debentures of the company; or
 - (b) allots or agrees to allot (whether for cash or otherwise) any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public (within the meaning given to that expression by [^{F4}sections 58 and 742A]).

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

- (2) A company guilty of an offence under this section, and any officer of it who is in default, is liable to a fine.
- (3) Nothing in this section affects the validity of any allotment or sale of shares or debentures, or of any agreement to allot or sell shares or debentures.]

Textual Amendments

- F3** S. 81 repealed (29.4.1988 except as mentioned in S.I. 1988/740, art. 2, **Sch.**) by Financial Services Act 1986 (c. 60, SIF 69), ss. 211(1), 212(3), **Sch. 17 Pt. I**
- F4** Words in s. 81(1)(b) substituted (4.3.2004) by The Financial Services and Markets Act 2000 (Consequential Amendments) Order 2004 (S.I. 2004/355), **art. 2(2)**

Modifications etc. (not altering text)

- C1** S. 81 extended by Companies Consolidation (Consequential Provisions) Act 1985 (c. 9, SIF 27), **s. 7**

[^{F5}82 Application for, and allotment of, shares and debentures.

- (1) No allotment shall be made of a company's shares or debentures in pursuance of a prospectus issued generally, and no proceedings shall be taken on applications made in pursuance of a prospectus so issued, until the beginning of the third day after that on which the prospectus is first so issued or such later time (if any) as may be specified in the prospectus.
- (2) The beginning of that third day, or that later time, is "the time of the opening of the subscription lists".
- (3) In subsection (1), the reference to the day on which the prospectus is first issued generally is to the day when it is first so issued as a newspaper advertisement; and if it is not so issued as a newspaper advertisement before the third day after that on which it is first so issued in any other manner, the reference is to the day on which it is first so issued in any manner.
- (4) In reckoning for this purpose the third day after another day—
 - (a) any intervening day which is a Saturday or Sunday, or is a bank holiday in any part of Great Britain, is to be disregarded; and
 - (b) if the third day (as so reckoned) is itself a Saturday or Sunday, or a bank holiday, there is to be substituted the first day after that which is none of them.
- (5) The validity of an allotment is not affected by any contravention of subsections (1) to (4); but in the event of contravention, the company and every officer of it who is in default is liable to a fine.
- (6) As applying to a prospectus offering shares or debentures for sale, the above provisions are modified as follows—
 - (a) for references to allotment, substitute references to sale; and
 - (b) for the reference to the company and every officer of it who is in default, substitute a reference to any person by or through whom the offer is made and who knowingly and wilfully authorises or permits the contravention.
- (7) An application for shares in or debentures of a company which is made in pursuance of a prospectus issued generally is not revocable until after the expiration of the third day after the time of the opening of the subscription lists, or the giving before the

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

expiration of that day of the appropriate public notice; and that notice is one given by some person responsible under sections 67 to 69 for the prospectus and having the effect under those sections of excluding or limiting the responsibility of the giver.]

Textual Amendments

F5 Ss. 82, 83 repealed (29.4.1988 for specified purposes and 10.5.1999 for further specified purposes and otherwise *prosp.*) by [Financial Services Act 1986 \(c.60, SIF 69\)](#), ss. 211(1), 212(3), [Sch. 17 Pt. I](#); S.I. 1988/740, art. 2, [Sch.](#); S.I. 1999/727, [art. 2\(a\)](#)

Modifications etc. (not altering text)

C2 S. 82 applied with modifications by S.I. 1985/680, regs. 4–6, [Sch.](#)

[^{F6}83 **No allotment unless minimum subscription received.**

- (1) No allotment shall be made of any share capital of a company offered to the public for subscription unless—
- (a) there has been subscribed the amount stated in the prospectus as the minimum amount which, in the opinion of the directors, must be raised by the issue of share capital in order to provide for the matters specified in paragraph 2 of Schedule 3 (preliminary expenses, purchase of property, working capital, etc.); and
 - (b) the sum payable on application for the amount so stated has been paid to and received by the company.
- (2) For purposes of subsection (1)(b), a sum is deemed paid to the company, and received by it, if a cheque for that sum has been received in good faith by the company and the directors have no reason for suspecting that the cheque will not be paid.
- (3) The amount so stated in the prospectus is to be reckoned exclusively of any amount payable otherwise than in cash and is known as “the minimum subscription”.
- (4) If the above conditions have not been complied with on the expiration of 40 days after the first issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest.
- (5) If any of the money is not repaid within 48 days after the issue of the prospectus, the directors of the company are jointly and severally liable to repay it with interest at the rate of 5 per cent. per annum from the expiration of the 48th day; except that a director is not so liable if he proves that the default in the repayment of the money was not due to any misconduct or negligence on his part.
- (6) Any condition requiring or binding an applicant for shares to waive compliance with any requirement of this section is void.
- (7) This section does not apply to an allotment of shares subsequent to the first allotment of shares offered to the public for subscription.]

Textual Amendments

F6 Ss. 82, 83 repealed (29.4.1988 for specified purposes and 10.5.1999 for further specified purposes and otherwise *prosp.*) by [Financial Services Act 1986 \(c.60, SIF 69\)](#), ss. 211(1), 212(3), [Sch. 17 Pt. I](#); S.I. 1988/740, art. 2, [Sch.](#); S.I. 1999/727, [art. 2\(a\)](#)

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

84 Allotment where issue not fully subscribed.

(1) No allotment shall be made of any share capital of a public company offered for subscription unless—

- (a) that capital is subscribed for in full; or
- (b) the offer states that, even if the capital is not subscribed for in full, the amount of that capital subscribed for may be allotted in any event or in the event of the conditions specified in the offer being satisfied;

and, where conditions are so specified, no allotment of the capital shall be made by virtue of paragraph (b) unless those conditions are satisfied.

[^{F7}This is without prejudice to section 83.]

(2) If shares are prohibited from being allotted by subsection (1) and 40 days have elapsed after the first issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest.

(3) If any of the money is not repaid within 48 days after the issue of the prospectus, the directors of the company are jointly and severally liable to repay it with interest at the rate of 5 per cent. per annum from the expiration of the 48th day; except that a director is not so liable if he proves that the default in repayment was not due to any misconduct or negligence on his part.

(4) This section applies in the case of shares offered as wholly or partly payable otherwise than in cash as it applies in the case of shares offered for subscription (the word “subscribed” in subsection (1) being construed accordingly).

(5) In subsections (2) and (3) as they apply to the case of shares offered as wholly or partly payable otherwise than in cash, references to the repayment of money received from applicants for shares include—

- (a) the return of any other consideration so received (including, if the case so requires, the release of the applicant from any undertaking), or
- (b) if it is not reasonably practicable to return the consideration, the payment of money equal to its value at the time it was so received,

and references to interest apply accordingly.

(6) Any condition requiring or binding an applicant for shares to waive compliance with any requirement of this section is void.

Textual Amendments

F7 Words repealed (29.4.1988 except as mentioned in S.I. 1988/740, art. 2, Sch.) by Financial Services Act 1986 (c. 60, SIF 69), ss. 211(1), 212(3), Sch. 17 Pt. I

85 Effect of irregular allotment.

(1) An allotment made by a company to an applicant in contravention of section [^{F8}83 or] 84 is voidable at the instance of the applicant within one month after the date of the allotment, and not later, and is so voidable notwithstanding that the company is in the course of being wound up.

(2) If a director of a company knowingly contravenes, or permits or authorises the contravention of, any provision of either of those sections with respect to allotment,

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

he is liable to compensate the company and the allottee respectively for any loss, damages or costs which the company or the allottee may have sustained or incurred by the contravention.

- (3) But proceedings to recover any such loss, damages or costs shall not be commenced after the expiration of 2 years from the date of the allotment.

Textual Amendments

F8 Words repealed (29.4.1988 except as mentioned in S.I. 1988/740, art. 2, **Sch.**) by Financial Services Act 1986 (c. 60, SIF 69), ss. 211(1), 212(3), **Sch. 17 Pt. I**

F⁹86

Textual Amendments

F9 Ss. 86, 87 repealed (29.4.1988 for specified purposes and otherwise 10.5.1999) by Financial Services Act 1986 (c.60, SIF 69), s. 211(1), **Sch. 17 Pt. I**; S.I. 1988/740, art. 2, **Sch.**; S.I. 1999/727, **art. 2(b)**

F¹⁰87

Textual Amendments

F10 Ss. 86, 87 repealed (29.4.1988 for specified purposes and otherwise 10.5.1999) by Financial Services Act 1986 (c.60, SIF 69), ss. 211(1), 212(3), **Sch. 17 Pt. I**; S.I. 1988/740, art. 2, **Sch.**; S.I. 1999/727, **art. 2(b)**

88 Return as to allotments, etc.

- (1) This section applies to a company limited by shares and to a company limited by guarantee and having a share capital.
- (2) When such a company makes an allotment of its shares, the company shall within one month thereafter deliver to the registrar of companies for registration—
- (a) a return of the allotments (in the prescribed form) stating the number and nominal amount of the shares comprised in the allotment, the names and addresses of the allottees, and the amount (if any) paid or due and payable on each share, whether on account of the nominal value of the share or by way of premium; and
 - (b) in the case of shares allotted as fully or partly paid up otherwise than in cash—
 - (i) a contract in writing constituting the title of the allottee to the allotment together with any contract of sale, or for services or other consideration in respect of which that allotment was made (such contracts being duly stamped), and
 - (ii) a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up, and the consideration for which they have been allotted.

Status: Point in time view as at 01/07/2005.

Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Cross Heading: General provisions as to allotment. (See end of Document for details)

- (3) Where such a contract as above mentioned is not reduced to writing, the company shall within one month after the allotment deliver to the registrar of companies for registration the prescribed particulars of the contract ^{F11}
- (4) ^{F12}
- (5) If default is made in complying with this section, every officer of the company who is in default is liable to a fine and, for continued contravention, to a daily default fine, but subject as follows.
- (6) In the case of default in delivering to the registrar within one month after the allotment any document required by this section to be delivered, the company, or any officer liable for the default, may apply to the court for relief; and the court, if satisfied that the omission to deliver the document was accidental or due to inadvertence, or that it is just and equitable to grant relief, may make an order extending the time for the delivery of the document for such period as the court thinks proper.

Textual Amendments

F11 Words in s. 88(3) omitted (with effect as mentioned in reg. 2(4) of the amending S.I.) by virtue of [The Stamp Duty and Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2868\)](#), [reg. 2\(2\)](#)

F12 S. 88(4) omitted (with effect as mentioned in reg. 2(4) of the amending S.I.) by virtue of [The Stamp Duty and Stamp Duty Land Tax \(Consequential Amendment of Enactments\) Regulations 2003 \(S.I. 2003/2868\)](#), [reg. 2\(3\)](#)

Modifications etc. (not altering text)

C3 S. 88 excluded (27.7.1999) by [1999 c. 20](#), [s. 6\(3\)](#) (with s. 15)

Status:

Point in time view as at 01/07/2005.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 1985, Cross Heading:
General provisions as to allotment.