



Companies Act 1985

1985 CHAPTER 6

PART V

SHARE CAPITAL, ITS INCREASE, MAINTENANCE AND REDUCTION

CHAPTER VII

REDEEMABLE SHARES ; PURCHASE BY A COMPANY OF ITS OWN SHARES

Redemption and purchase generally

168 Payments apart from purchase price to be made out of distributable profits

- (1) A payment made by a company in consideration of—
- (a) acquiring any right with respect to the purchase of its own shares in pursuance of a contract approved under section 165, or
 - (b) the variation of a contract approved under section 164 or 165, or
 - (c) the release of any of the company's obligations with respect to the purchase of any of its own shares under a contract approved under section 164 or 165 or under a contract for a purchase authorised under section 166,
- must be made out of the company's distributable profits.
- (2) If the requirements of subsection (1) are not satisfied in relation to a contract—
- (a) in a case within paragraph (a) of the subsection, no purchase by the company of its own shares in pursuance of that contract is lawful under this Chapter,
 - (b) in a case within paragraph (b), no such purchase following the variation is lawful under this Chapter, and
 - (c) in a case within paragraph (c), the purported release is void.