



# Companies Act 2006

## 2006 CHAPTER 46

### PART 10

#### A COMPANY'S DIRECTORS

### CHAPTER 6

#### CONTRACTS WITH SOLE MEMBERS WHO ARE DIRECTORS

#### **231 Contract with sole member who is also a director**

- (1) This section applies where—
  - (a) a limited company having only one member enters into a contract with the sole member,
  - (b) the sole member is also a director of the company, and
  - (c) the contract is not entered into in the ordinary course of the company's business.
- (2) The company must, unless the contract is in writing, ensure that the terms of the contract are either—
  - (a) set out in a written memorandum, or
  - (b) recorded in the minutes of the first meeting of the directors of the company following the making of the contract.
- (3) If a company fails to comply with this section an offence is committed by every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (5) For the purposes of this section a shadow director is treated as a director.
- (6) Failure to comply with this section in relation to a contract does not affect the validity of the contract.

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*Status: Point in time view as at 01/10/2018.*

*Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Chapter 6. (See end of Document for details)*

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(7) Nothing in this section shall be read as excluding the operation of any other enactment or rule of law applying to contracts between a company and a director of the company.

**Modifications etc. (not altering text)**

- C1** S. 231 modified (22.2.2008) by The Northern Rock plc [Transfer Order 2008 \(S.I. 2008/432\)](#), art. 17(1), [Sch. para. 2\(1\)](#)
- C2** S. 231 modified (8.00 a.m. on 29.9.2008) by the The Bradford & Bingley plc [Transfer of Securities and Property etc. Order 2008 \(S.I. 2008/2546\)](#), art. 13(1)(3), [Sch. 1 para. 2\(1\)](#)
- C3** S. 231 modified (9.30 a.m. on 7.10.2008) by The Heritable Bank plc [Transfer of Certain Rights and Liabilities Order 2008 \(S.I. 2008/2644\)](#), art. 26, [Sch. 2 para. 2\(1\)](#)
- C4** S. 231 modified (retrospective to 30.3.2009 at 8.00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), arts. 1(2), 7, [Sch. para. 2\(1\)](#)
- C5** S. 231 modified (1.3.2016) by The NRAM plc (formerly Northern Rock plc) [Consequential and Supplementary Provisions Order 2016 \(S.I. 2016/114\)](#), arts. 1(1), 7(1), (3), [Sch. para. 1\(1\)](#)

**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Companies Act 2006, Chapter 6.