Companies Act 2006

2006 CHAPTER 46

PART 23

DISTRIBUTIONS

CHAPTER 2

JUSTIFICATION OF DISTRIBUTION BY REFERENCE TO ACCOUNTS

Justification of distribution by reference to accounts

836 Justification of distribution by reference to relevant accounts

(1) Whether a distribution may be made by a company without contravening this Part is determined by reference to the following items as stated in the relevant accounts—

(a) profits, losses, assets and liabilities;
(b) provisions of the following kinds—

(i) where the relevant accounts are Companies Act accounts, provisions of a kind specified for the purposes of this subsection by regulations under section 396;
(ii) where the relevant accounts are IAS accounts, provisions of any kind;
(c) share capital and reserves (including undistributable reserves).

(2) The relevant accounts are the company's last annual accounts, except that—

(a) where the distribution would be found to contravene this Part by reference to the company's last annual accounts, it may be justified by reference to interim accounts, and
(b) where the distribution is proposed to be declared during the company's first accounting reference period, or before any accounts have been circulated in respect of that period, it may be justified by reference to initial accounts.

(3) The requirements of—
section 837 (as regards the company's last annual accounts),
section 838 (as regards interim accounts), and
section 839 (as regards initial accounts),
must be complied with, as and where applicable.

(4) If any applicable requirement of those sections is not complied with, the accounts may not be relied on for the purposes of this Part and the distribution is accordingly treated as contravening this Part.

Commencement Information

S. 836 wholly in force at 6.4.2008; s. 836 not in force at Royal Assent see s. 1300; s. 836 in force at 6.4.2008 by S.I. 2007/3495, art. 3(1)(k) (with savings in arts. 7, 12 and subject to transitional adaptations in Sch. 1 paras. 14-20 and with savings in Sch. 4 paras. 33-35)
### Changes to legislation:

Companies Act 2006, Section 836 is up to date with all changes known to be in force on or before 31 December 2019. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

View outstanding changes

### Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by S.I. 2013/1971 reg. 9(a) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by S.I. 2013/1971 reg. 4 (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

### Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Ch. 1 Pt. 28 extended (Isle of Man) (with modifications) by S.I. 2019/567 Sch.
- s. 156A-156C inserted by 2015 c. 26 s. 87(4)
- s. 479A(2)(c)(zi) inserted by S.I. 2019/177 reg. 4(b)(i) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before exit day by S.I. 2019/1392, regs. 1(2), 4)
- s. 494ZA(5)(a)(iii)(iv) substituted for s. 494ZA(5)(a)(iii) by S.I. 2019/177 reg. 5(b)
- s. 835E(6) words substituted by S.I. 2019/348 Sch. 1 para. 13
- s. 943(1A) inserted by S.I. 2019/217 reg. 3(b)
- s. 966(3)-(3G) substituted for s. 966(3) by S.I. 2019/217 reg. 7(4)
- s. 1047(4)(ba) inserted by S.I. 2019/348 Sch. 1 para. 14(b)(ii)
- s. 1099(3)(c)(ca) substituted for s. 1099(3)(c) by S.I. 2018/1299 reg. 62(2)
- s. 1253B(1A) inserted by S.I. 2019/177 reg. 18(c)
- s. 1286(1)(e) inserted by S.I. 2018/1299 reg. 62(3)(c)
- Sch 1C applied by 2009/2436 Sch. 1 para 14(A1) (as inserted) by S.I. 2019/217 reg. 20
- Sch. 2 Pt. 2 s. Epara. 5 omitted by S.I. 2019/217 reg. 15
- Sch. 10 para. 20A(1) Sch. 10 para. 20A renumbered as Sch. 10 para. 20A(1) by S.I. 2019/177 reg. 32(a)
- Sch. 10 para. 6(2D) inserted by S.I. 2019/177 reg. 28(e)
- Sch. 10 para. 7(2A) inserted by S.I. 2019/177 reg. 29(b)
- Sch. 10 para. 20A(2) inserted by S.I. 2019/177 reg. 32(h)
- Sch. 10 para. 13(5)(b)(ii)(iii) substituted for Sch. 10 para. 13(5)(b)(ii) by S.I. 2019/177 reg. 30(b)
- Sch. 10 para. 20A(1) words inserted by S.I. 2019/177 reg. 32(b)
- Sch. 10 para. 20A(1) words inserted by S.I. 2019/177 reg. 32(c)
- Sch. 10 para. 20A(1) words omitted by S.I. 2019/177 reg. 32(e)
- Sch. 10 para. 20A(1) words omitted by S.I. 2019/177 reg. 32(g)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(d)(i)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(d)(ii)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(d)(iii)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(f)(i)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(f)(ii)
- Sch. 10 para. 20A(1) words substituted by S.I. 2019/177 reg. 32(f)(iii)
- Sch. 11 para. 9(5) inserted by S.I. 2019/177 reg. 34(b)