Distributions in kind: determination of amount

(1) This section applies for determining the amount of a distribution consisting of or including, or treated as arising in consequence of, the sale, transfer or other disposition by a company of a non-cash asset where—
   (a) at the time of the distribution the company has profits available for distribution, and
   (b) if the amount of the distribution were to be determined in accordance with this section, the company could make the distribution without contravening this Part.

(2) The amount of the distribution (or the relevant part of it) is taken to be—
   (a) in a case where the amount or value of the consideration for the disposition is not less than the book value of the asset, zero;
   (b) in any other case, the amount by which the book value of the asset exceeds the amount or value of any consideration for the disposition.

(3) For the purposes of subsection (1)(a) the company's profits available for distribution are treated as increased by the amount (if any) by which the amount or value of any consideration for the disposition exceeds the book value of the asset.

(4) In this section “book value”, in relation to an asset, means—
(a) the amount at which the asset is stated in the relevant accounts, or
(b) where the asset is not stated in those accounts at any amount, zero.

(5) The provisions of Chapter 2 (justification of distribution by reference to accounts) have effect subject to this section.

Commencement Information
I1 S. 845 wholly in force at 6.4.2008; s. 845 not in force at Royal Assent see s. 1300; s. 845 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 845 is up to date with all changes known to be in force on or before 01 November 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):

- Pt. 42 Ch. 4A inserted by S.I. 2019/177 reg. 14 (This S.I. is amended by S.I. 2019/1392, reg. 3)
- 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. 494ZA(5)(a)(iii) substituted for s. 494ZA(5)(a)(ii) 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(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)