

CHAPTER 6 Distribution by a PLC

Restriction on distribution of assets

1082. (1) A PLC may only make a distribution at any time—

(a) if at that time the amount of its net assets is not less than the aggregate of the PLC's called-up share capital and its undistributable reserves; and

(b) if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

(2) For the purposes of this section the undistributable reserves of a PLC are—

(a) the PLC's undenominated capital;

(b) the amount by which the PLC's accumulated, unrealised profits, so far as not previously utilised by any capitalisation, exceed its accumulated, unrealised losses, so far as not previously written off in a reduction or reorganisation of capital duly made; and

(c) any other reserve which the PLC is prohibited from distributing by any enactment, other than one contained in this Part, or by its constitution.

(3) Subsections (4) to (8) of section 117 shall apply for the purposes of this section as they apply for the purposes of that section.

(4) A PLC shall not include any uncalled share capital as an asset in any financial statement relevant for the purposes of this section.