

Supplemental provisions in relation to section 105

106. (1) Shares acquired by a company under section 105, or otherwise acquired by it under section 102 (1)(a), shall be cancelled or held by it (as “treasury shares”).

(2) Where a company—

(a) has acquired, under section 105, shares and cancelled them; or

(b) is about to so acquire shares and cancel them upon their acquisition,

it shall have power to issue shares up to the nominal amount of the shares so acquired, or to be so acquired, as if those shares had never been issued.

(3) No cancellation of shares under subsection (1) shall be taken as reducing the amount of the company's authorised share capital (if any).

(4) Where the shares are—

(a) under section 105, acquired wholly out of the profits available for distribution; or

(b) under section 105, acquired wholly or partly out of the proceeds of a fresh issue and the aggregate amount of those proceeds (disregarding any part of those proceeds used to pay any premium on the acquisition) is less than the aggregate nominal value of the shares acquired (the “aggregable difference”),

then a sum equal to, in the case of paragraph (a), the nominal value of the shares acquired and, in the case of paragraph (b), the aggregable difference shall be transferred to undenominated capital of the company, other than its share premium account.

(5) The amount by which the consideration paid for the acquisition of redeemable preference shares allotted before 1 February 1990 exceeds the consideration received by the company on the issue of those shares may be paid from undenominated capital.

(6) Section 105 shall not apply to the redemption of preference shares referred to in section 108 and no such shares may be the subject of purchase under section 105.