

Forfeiture of shares

81. (1) Each provision of this section applies save to the extent that the company's constitution provides otherwise.

(2) If a member of a company fails to pay any call or instalment of a call on the day appointed for payment of it, the directors of the company may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

(3) That notice shall—

(a) specify a further day (not earlier than the expiration of 14 days after the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, if the amount concerned is not paid by the day so specified, the shares in respect of which the call was made will be liable to be forfeited.

(4) If the requirements of that notice are not complied with, any share in respect of which the notice has been served may at any time after the day so specified (but before, should it occur, the payment required by the notice has been made) be forfeited by a resolution of the directors of the company to that effect.

(5) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors of the company think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

(6) A person whose shares have been forfeited shall cease to be a member of the company in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the company all moneys which, at the date of forfeiture, were payable by him or her to the company in respect of the shares, but his or her liability shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares.

(7) A statement in writing that the maker of the statement is a director or the secretary of the company, and that a share in the company has been duly forfeited on a date stated in the statement, shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share.

(8) The following provisions apply in relation to a sale or other disposition of a share referred to in subsection (5):

(a) the company may receive the consideration, if any, given for the share on the sale or other disposition of it and may execute a transfer of the share in favour of the person to whom the share is sold or otherwise disposed of (the “disponee”);

(b) upon such execution, the disponee shall be registered as the holder of the share;

(c) the disponee shall not be bound to see to the application of the purchase money, if any, nor shall his or her title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.