

Bonus issues

126. (1) Each provision of this section applies save where the company's constitution provides otherwise.

(2) In subsections (3) and (4) “relevant sum” means—

(a) any sum for the time being standing to the credit of the company's undenominated capital;

(b) any of the company's profits available for distribution; or

(c) any sum representing unrealised revaluation reserves.

(3) The company in general meeting may, on the recommendation of the directors, resolve that any relevant sum be capitalised and applied on behalf of the members who would have been entitled to receive that sum if it had been distributed by way of dividend and in the same proportions in or towards paying up in full unissued shares of the company of a nominal value equal to the relevant sum capitalised (such shares to be allotted and distributed credited as fully paid up to and amongst such holders and in the proportions as aforementioned).

(4) The company in general meeting may, on the recommendation of the directors, resolve that it is desirable to capitalise any part of a relevant sum which is not available for distribution, by applying such sum in paying up in full unissued shares to be allotted as fully paid bonus shares, to those members of the company who would have been entitled to that sum if it were distributed by way of dividend (and in the same proportions).

(5) The directors of the company shall give effect to any resolution under subsection (3) or (4).

(6) For that purpose the directors shall make—

(a) all appropriations and applications of the undivided profits resolved to be capitalised by the resolution; and

(b) all allotments and issues of fully paid shares, if any, and generally shall do all acts and things required to give effect to the resolution.

(7) Without limiting the foregoing, the directors may—

(a) make such provision as they think fit for the case of shares becoming distributable in fractions (and, again, without limiting the foregoing, may sell the shares represented by such fractions and distribute the net proceeds of such sale amongst the members otherwise entitled to such fractions in due proportions); and

(b) authorise any person to enter, on behalf of all the members concerned, into an agreement with the company providing for the allotment to them, respectively credited as fully paid up, of any further shares to which they may become entitled on the capitalisation concerned or, as the case may require, for the payment by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing shares.

(8) Any agreement made under such authority shall be effective and binding on all the members concerned.

(9) Where the directors of a company have resolved to approve a bona fide revaluation of all the fixed assets of the company, the net capital surplus in excess of the previous book value of the assets arising from such revaluation may be—

(a) credited by the directors to undenominated capital, other than the share premium account; or

(b) used in paying up unissued shares of the company to be issued to members as fully paid bonus shares.