

CHAPTER 3 Restrictions on directors of insolvent companies

Interpretation and application (Chapter 3)

818. (1) In this Chapter—

“company”, in the context of a provision that imposes a restriction on a company by reference to the fact of its having a restricted person) or otherwise makes provision in consequence of that fact, means any company referred to in section 819 (6);

“director of an insolvent company” means a person who was a director or shadow director of an insolvent company at the date of, or within 12 months before, the commencement of its winding up;

“insolvent company” means a company that is unable to pay its debts;

“restricted person” means a person who is subject to a restriction under a declaration made under section 819 (1) that is in force.

(2) For the purposes of the definition of “insolvent company” in subsection (1), a company is unable to pay its debts if—

(a) at the date of the commencement of its winding up it is proved to the court that it is unable to pay its debts), or

(b) at any time during the course of its winding up the liquidator certifies, or it is proved to the court, that it is unable to pay its debts).

(3) For the purpose of a restriction imposed pursuant to this Part on a person's acting as a director of a company, that restriction shall, in the case of a person who continues in office as a director of a company on the restriction taking effect (3) are not met in respect of the company), be deemed, without proof of anything more, to have been contravened.

(4) This Chapter shall not apply to a company that commenced to be wound up before 1 August 1991.