

Other circumstances in which floating charge is invalid

598. (1) Where—

(a) a company is being wound up,

(b) the company was, within 12 months before the date of commencement of the winding up, indebted to any officer of the company or a connected person,

(c) such indebtedness was discharged whether wholly or partly by the company or by any other person, and

(d) the company created a floating charge on any of its assets or property within 12 months before the date of commencement of the winding up in favour of the officer or connected person to whom such company was indebted,

then (without prejudice to any rights or liabilities arising apart from this section) such charge shall be invalid to the extent of the repayment referred to in paragraph (c) unless it is proved that the company immediately after the creation of the charge was solvent.

(2) In this section, “officer” includes a spouse, civil partner, child or nominee of an officer and the reference in this subsection to a child of an officer shall be deemed to include a child of the officer's civil partner who is ordinarily resident with the officer and the civil partner.