

Personal liability for company debts in certain cases

247. (1) If—

(a) a company is being wound up and is unable to pay its debts, and

(b) the court considers that any arrangement of a kind described in section 240 (2)(a) has contributed materially to the company's inability to pay its debts or has substantially impeded the orderly winding up of it,

the court, on the application of the liquidator or any creditor or contributory of the company, may, if it thinks it proper to do so, make the following declaration.

(2) That declaration is a declaration that any person for whose benefit the arrangement was made shall be personally liable, without any limitation of liability, for all or such part as may be specified by the court, of the debts and other liabilities of the company.

(3) In deciding whether to make a declaration under this section, the court shall have particular regard to whether and to what extent, any outstanding liabilities arising under any arrangement referred to in subsection (1) were discharged before the commencement of the winding up.

(4) In deciding the extent of any personal liability under this section, the court shall have particular regard to the extent to which the arrangement in question contributed materially to the company's inability to pay its debts or substantially impeded the orderly winding up of the company.