

## Criminal liability for untrue statements in division documents

507. (1) Where any untrue statement has been included in—

- (a) the common draft terms of division,
- (b) the explanatory report referred to in section 491, or
- (c) the division financial statement, if any, prepared under section 493,

the following:

(i) each of the persons who was a director of any of the companies involved in the division at the date of the common draft terms of division or, in the case of the foregoing explanatory report or division financial statement, at the time of the report's or statement's preparation; and

(ii) any person who authorised the issue of the document,

shall be guilty of a category 2 offence.

(2) Where any untrue statement has been included in the expert's report prepared under section 492, the expert and any person who authorised the issue of the report shall be guilty of a category 2 offence.

(3) In any proceedings against a person in respect of an offence under subsection (1) or (2), it shall be a defence to prove that, having exercised all reasonable care and skill, the defendant had reasonable grounds for believing and did, up to the time of the issue of the document concerned, believe that the statement concerned was true.