

Civil liability for improper purchase in holding company

115. (1) This section applies where—

(a) the winding up of a company which has acquired shares in its holding company in accordance with section 114 commences within 6 months after the date of such acquisition; and

(b) the company is, at the time of the commencement of the winding up, unable to pay its debts (taking into account the contingent and prospective liabilities).

(2) Where this section applies the court, on the application of a liquidator, creditor, employee or contributory of the company, may, subject to subsection (3), declare that the directors of the company shall be jointly and severally liable to repay to the company the total amount paid by the company for the shares.

(3) Where it appears to the court that any person in respect of whom a declaration has been sought under subsection (2) believed on reasonable grounds that the acquisition referred to in subsection (1) was in the best interests of the company, the court may relieve him or her, either wholly or in part, from personal liability on such terms as it may think fit.