

Approval of company necessary for payment to director of compensation in connection with transfer of property

252. (1) It shall not be lawful in connection with the transfer of the whole or any part of the undertaking or property of a company for any payment to be made to any director of the company by way of compensation for loss of office or as consideration for or in connection with his or her retirement from office, unless the following conditions are first satisfied.

(2) Those conditions are—

(a) particulars relating to the proposed payment (including the amount of it) are disclosed to the members of the company, and

(b) the proposal is approved by resolution of the company in general meeting.

(3) Where a payment which is not lawful under subsection (1) is made to a director of a company the amount received shall be deemed to have been received by him or her in trust for the company.

(4) Without prejudice to the exceptions provided for by section 254 (5), a payment made bona fide in discharge of an existing legal obligation does not fall within this section.