

Restriction on commencement of business by a PLC

1010. (1) A company registered as a PLC on its original incorporation or pursuant to a merger or division shall not do business or exercise any borrowing powers unless the Registrar has issued to it a certificate under this section or the PLC is re-registered as another type of company.

(2) The Registrar shall issue to a PLC a certificate under this section if, on an application made to him or her in the prescribed form by the PLC, the Registrar is satisfied that the nominal value of the PLC's allotted share capital is not less than the authorised minimum and there is delivered to the Registrar a declaration complying with subsection (3).

(3) The declaration mentioned in subsection (2) shall be in the prescribed form and signed by a director or secretary of the PLC and shall state—

(a) that the nominal value of the PLC's allotted share capital is not less than the authorised minimum,

(b) the amount paid up, at the time of the application, on the PLC's allotted share capital,

(c) the amount, or estimated amount, of the preliminary expenses of the PLC and the persons by whom any of those expenses have been paid or are payable, and

(d) any amount or benefit paid or given or intended to be paid or given to any promoter of the PLC, and the consideration for the payment or benefit.

(4) For the purposes of subsection (2), a share allotted in pursuance of an employees' share scheme may not be taken into account in determining the nominal value of the PLC's allotted share capital unless it is paid up at least as to one-quarter of the nominal value of the share and the whole of any premium on the share.

(5) The Registrar may accept a declaration delivered to him or her under subsection (2) as sufficient evidence of the matters stated therein.

(6) A certificate under this section in respect of any PLC shall be conclusive evidence that the PLC is entitled to do business and exercise any borrowing powers.

(7) If a PLC does business or exercises borrowing powers in contravention of this section, the PLC and any officer of it who is in default shall be guilty of a category 3 offence.

(8) Subject to subsection (9), the provisions of this section are without prejudice to the validity of any transaction entered into by a PLC.

(9) If a PLC enters into a transaction in contravention of those provisions and fails to comply with its obligations in connection with them within 21 days after the date on which it is called upon to do so, the

directors of the PLC shall be jointly and severally liable to indemnify the other party to the transaction in respect of any loss or damage suffered by that party by reason of the failure of the PLC to comply with those obligations.