

Arrangements of certain value

240. (1) Section 239 does not prohibit a company from entering into an arrangement with a director or a person connected with a director (whether, in either case, a director of the company or of its holding company) if—

(a) the value of the arrangement, or

(b) in a case where there are other arrangements entered into by the company with any director of the company, or any person connected with a director, the value of the arrangement and the total amount outstanding under those other arrangements, is, or, as the case may be, is together, less than 10 per cent of the company's relevant assets.

(2) For the purposes of this section—

(a) a company enters an arrangement with a person if it—

(i) makes a loan or quasi-loan to or enters into a credit transaction as creditor for that person, or

(ii) enters into a guarantee or provides any security in connection with a loan, quasi-loan or credit transaction made for that person by any other person,

(b) the amount of a company's relevant assets shall be determined in accordance with section 238 (2); and

(c) there shall not be reckoned any arrangement entered into in accordance with the Summary Approval Procedure.