

Approval of company necessary for payment by it to director or directors' dependants for loss of office

251. (1) It shall not be lawful for a company to make to any director of the company any payment 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) 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.