

Subscription of share capital

1025. (1) A PLC shall not accept at any time, in payment up of its shares or any premium on them, an undertaking given by any person that he or she or another should do work or perform services for the PLC or any other person.

(2) Where a PLC accepts such an undertaking as payment up of its shares or any premium payable on them, the holder of the shares when they or the premium are treated as paid up, in whole or in part, by the undertaking—

(a) shall be liable to pay the PLC in respect of those shares, an amount equal to their nominal value, together with the whole of any premium or, if the case so requires, such proportion of that amount as is treated as paid up by the undertaking, and

(b) shall be liable to pay interest at the appropriate rate on the amount payable under paragraph (a).

(3) Where any person becomes a holder of any shares in respect of which—

(a) there has been a contravention of this section, and

(b) by virtue of that contravention, another is liable to pay any amount under this section,

the first-mentioned person in this subsection also shall be liable to pay that amount (jointly and severally with any other person so liable) unless either that first-mentioned person is a purchaser for value and, at the time of the purchase, he or she did not have actual notice of the contravention or he or she derived title to the shares (directly or indirectly) from a person who became a holder of them after the contravention and was not so liable.

(4) References in this section to a holder, in relation to any shares in a PLC, include references to any person who has an unconditional right to be included in the PLC's register of members in respect of those shares or to have an instrument of transfer of the shares executed in his or her favour.

(5) Where a PLC contravenes any of the provisions of this section, the PLC and any officer of it who is in default shall be guilty of a category 3 offence.