

Payment of non-cash consideration

1027. (1) A PLC shall not allot shares as fully or partly paid up (as to their nominal value or any premium payable on them) otherwise than in cash if the consideration for the allotment is or includes an undertaking which is to be or may be performed more than 5 years after the date of the allotment.

(2) Where a PLC allots shares in contravention of subsection (1), the allottee of the shares shall be liable to pay the PLC 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 shall be liable to pay interest at the appropriate rate on the amount payable under this subsection.

(3) Where a contract for the allotment of shares does not contravene subsection (1), any variation of the contract which has the effect that the contract would have contravened that subsection if the terms of the contract as varied had been its original terms shall be void.

(4) Subsection (3) shall apply to the variation by a PLC of the terms of a contract entered into before the company was registered or re-registered as a PLC.

(5) Where a PLC allots shares for a consideration which consists of or includes (in accordance with subsection (1)) an undertaking which is to be performed within 5 years after the date of the allotment but that undertaking is not performed within the period allowed by the contract for the allotment of the shares, the following subsection applies.

(6) The allottee of the shares in question shall be liable to pay the PLC at the end of the period secondly referred to in subsection (5) the following:

(a) an amount equal to the nominal value of the shares, 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) interest at the appropriate rate on the amount payable under paragraph (a).

(7) Subsection (3) of section 1025 shall apply in relation to a contravention of this section and to a failure to carry out a term of a contract as mentioned in subsection (5) as it applies in relation to a contravention of section 1025.

(8) Any reference in this section to a contract for the allotment of shares includes a reference to an ancillary contract relating to payment in respect of those shares.

(9) 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.