

Prohibition on certain provisions in constitution, etc. and issuing of shares

1181. (1) Any provision in the memorandum or articles of a CLG, or in any resolution of a CLG, purporting to give any person a right to participate in the divisible profits of the company, otherwise than as a member, shall be void.

(2) Nothing in subsection (1) invalidates any distribution by a company limited by guarantee registered before 1 January 1901, on foot of a provision or resolution referred to in that subsection, if the distribution was made before the commencement of this section.

(3) For the purposes of the provisions of this Part stipulating that a characteristic of a CLG is that it does not have a share capital and of this section, the following has effect—

(a) every provision in the constitution, or in any resolution, of a CLG purporting to divide the undertaking of the CLG into shares or interests, shall be treated as a provision for a share capital, notwithstanding that the nominal amount or number of the shares or interests is not specified thereby, and

(b) every such provision or resolution shall be void.

(4) A CLG shall not purport to issue shares.

(5) If a CLG contravenes subsection (4), the CLG and any officer of it who is in default shall be guilty of a category 3 offence.