

## CHAPTER 12 Provisions supplemental to conduct of winding up

### Effect of winding up on business and status of company

677. (1) From the commencement of the winding up, the company shall cease to carry on its business, except so far as may be required for the beneficial winding up of it.

(2) However the corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its constitution, continue until it is dissolved.

(3) On the appointment of a liquidator, other than a provisional liquidator, all the powers of the directors of the company shall cease, except so far as—

(a) in the case of a winding up by the court or a creditors' voluntary winding up, the committee of inspection or, if there is no such committee, the creditors, sanction (in either case, with the approval of the liquidator) the continuance of those powers, or

(b) in the case of a members' voluntary winding up, the members in general meeting sanction the continuance of those powers.

(4) The continuance of the directors' powers by virtue of a sanction under subsection (3) shall not, in any case, and notwithstanding anything in section 40, operate to give precedence to any decision or act of the directors made or done during the course of the winding up over that made or done by the liquidator in respect of the matter concerned and, without prejudice to the foregoing, no decision or act made or done by the directors in respect of a matter falling within section 627 shall be valid unless made or done with the prior consent of the liquidator, but this is subject to subsection (5).

(5) The court may, on application to it by a person aggrieved, grant such relief as it thinks appropriate from the sanction of invalidity provided under subsection (4) if it is satisfied that the person (not being an officer of the company) acted in good faith in the matter.

(6) An application under subsection (5) shall be made on notice to the liquidator and—

(a) each creditor who has submitted a proof of his or her debt or claim under and in accordance with this Part, and

(b) each contributory for the time being on the list of contributories.