

Restriction of rights of creditor as to execution or attachment in case of company being wound up

606. (1) Subject to subsections (2) to (4), where a creditor has—

- (a) issued execution against the goods or lands of a company, or
- (b) attached any debt due to the company,

and the company is subsequently wound up, the creditor shall not be entitled to retain the benefit of the execution or attachment against the liquidator in the winding up of the company unless the creditor has completed the execution or attachment before the commencement of the winding up.

(2) In a case where a creditor has had notice of a meeting having been called at which a resolution for voluntary winding up of the company concerned is to be proposed, then, for the purposes of subsection (1), the date on which the creditor so had notice shall be substituted for the date of the commencement of the winding up.

(3) A person who purchases in good faith, under a sale by a sheriff, any goods of a company on which an execution has been levied shall, in all cases, acquire a good title to them against the liquidator.

(4) Notwithstanding subsection (1), the rights conferred by that subsection on the liquidator may be set aside by the court in favour of the creditor to such extent and subject to such terms as the court thinks fit.

(5) For the purposes of this section—

- (a) an execution against goods shall be deemed to be completed by seizure and sale,
- (b) an attachment of a debt shall be deemed to be completed by receipt of the debt,
- (c) an execution against land shall be deemed to be completed by seizure, and
- (d) an execution in the case of an equitable interest shall be deemed to be completed by the appointment of a receiver.

(6) Nothing in this section shall give any validity to any payment constituting an unfair preference.

(7) In this section—

“goods” includes all chattels personal;

“sheriff” includes any officer charged with the execution of a writ or other process.