



Companies Act 2006

2006 CHAPTER 46

PART 23

DISTRIBUTIONS

CHAPTER 1

RESTRICTIONS ON WHEN DISTRIBUTIONS MAY BE MADE

Distributions by investment companies [F1 or Solvency 2 insurance companies]

832 Distributions by investment companies out of accumulated revenue profits

- (1) An investment company may make a distribution out of its accumulated, realised revenue profits if the following conditions are met.
- (2) It may make such a distribution only if, and to the extent that, its accumulated, realised revenue profits, so far as not previously utilised by a distribution or capitalisation, exceed its accumulated revenue losses (whether realised or unrealised), so far as not previously written off in a reduction or reorganisation of capital duly made.
- (3) It may make such a distribution only—
 - (a) if the amount of its assets is at least equal to one and a half times the aggregate of its liabilities to creditors, and
 - (b) if, and to the extent that, the distribution does not reduce that amount to less than one and a half times that aggregate.
- (4) For this purpose a company's liabilities to creditors include—
 - (a) in the case of Companies Act accounts, provisions of a kind specified for the purposes of this subsection by regulations under section 396;
 - (b) in the case of IAS accounts, provisions for liabilities to creditors.
- (5) The following conditions must also be met—

Changes to legislation: There are currently no known outstanding effects for the Companies Act 2006, Section 832. (See end of Document for details)

- [^{F1}(a) the company's shares must be shares admitted to trading on a [^{F2}UK regulated market];]
 - (b) during the relevant period it must not have—
 - (i) ^{F3}
 - (ii) applied any unrealised profits ^{F4} . . . in paying up debentures or amounts unpaid on its issued shares;
 - (c) it must have given notice to the registrar under section 833(1) (notice of intention to carry on business as an investment company)—
 - (i) before the beginning of the relevant period, or
 - (ii) as soon as reasonably practicable after the date of its incorporation.
- (6) For the purposes of this section—
- (a) ^{F5}
 - (b) the “relevant period” is the period beginning with—
 - (i) the first day of the accounting reference period immediately preceding that in which the proposed distribution is to be made, or
 - (ii) where the distribution is to be made in the company's first accounting reference period, the first day of that period,
 and ending with the date of the distribution.
- (7) The company must not include any uncalled share capital as an asset in any accounts relevant for purposes of this section.

Textual Amendments

- F1** S. 832(5)(a) substituted (6.4.2012) by [The Companies Act 2006 \(Amendment of Part 23\) \(Investment Companies\) Regulations 2012 \(S.I. 2012/952\)](#), regs. 1, **2(2)(a)**
- F2** Words in s. 832(5)(a) substituted (31.12.2020) by [The Companies, Limited Liability Partnerships and Partnerships \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/348\)](#), reg. 2, **Sch. 1 para. 12** (with [Sch. 4 para. 3](#)) (as amended by [S.I. 2020/523](#), regs. 1(2), 20); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)
- F3** S. 832(5)(b)(i) and following word omitted (6.4.2012) by virtue of [The Companies Act 2006 \(Amendment of Part 23\) \(Investment Companies\) Regulations 2012 \(S.I. 2012/952\)](#), regs. 1, **2(2)(b)**
- F4** Words in s. 832(5)(b)(ii) omitted (6.4.2012) by virtue of [The Companies Act 2006 \(Amendment of Part 23\) \(Investment Companies\) Regulations 2012 \(S.I. 2012/952\)](#), regs. 1, **2(2)(c)**
- F5** S. 832(6)(a) and following word omitted (6.4.2012) by virtue of [The Companies Act 2006 \(Amendment of Part 23\) \(Investment Companies\) Regulations 2012 \(S.I. 2012/952\)](#), regs. 1, **2(3)**

Commencement Information

- I1** S. 832 wholly in force at 6.4.2008; s. 832 not in force at Royal Assent see s. 1300; s. 832 in force at 6.4.2008 by [S.I. 2007/3495](#), **art. 3(1)(k)** (with savings in [arts. 7, 12](#) and subject to transitional adaptations in [Sch. 1 paras. 14-20](#) and with savings in [Sch. 4 paras. 33-35](#))

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 2006, Section 832.