


Abstract

Using a contextual approach, this article examines the historical demise of *ultra vires* in the United Kingdom through to the Companies Act 2006. It demonstrates that the strict approach in *Ashbury* was designed to empower outsider shareholders in companies where ownership was becoming separate from control but that paradoxically this approach was reversed as separation became more complete with increased share dispersal. The subsequent enhancement of insider (but minority) investor and management power, demonstrated in both England and the United States, raises questions as to why *ultra vires* has not been protected and bolstered by successive governments. It concludes that the demise of *ultra vires* is indicative of a bias in company law and government policy in favour of an elite group of controlling shareholders.



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