

amount to be prescribed, and to repay such deposit-money to the depositor, his executors, administrators, or assigns, by equal half-yearly instalments. Such deposit-money to be in addition to and independent of the shares in the company, and not to pass by a transfer of the shares unless expressly assigned.

(B.)

No interest out of capital to be paid on calls under Railway Bills except under certain conditions.

128. A clause shall be inserted in every Railway Bill prohibiting the company from paying any interest or dividend out of any capital which they have been or may be authorized to raise, either by means of calls or of any power of borrowing, to any shareholder on the amount of the calls made in respect of the shares held by him, except such interest on money advanced by any shareholder beyond the amount of the calls actually made as is in conformity with "The Companies Clauses Consolidation Act, 1845," or "The Companies Clauses Consolidation (Scotland) Act, 1845," as the case may be, and except such interest (if any) as the Committee on the Bill may, according to the circumstances, think fit to allow, subject always to the following conditions, which shall be inserted in the Bill by proper clauses, as the case may require:—

- (1.) The Committee shall ascertain what amount of share-capital, together with the corresponding amount of loan-capital, is required for the purposes of the undertaking to which capital is properly applicable. Such capital shall be applied exclusively to those purposes, and shall be the only permanent capital authorized by the Bill.
- (2.) In order to provide for payment of interest on the amount from time to time paid up in respect of shares at such rate, not exceeding 4 per cent., and during such period, not extending beyond the time allowed for completion, as the Committee may prescribe, the Committee may make a temporary addition to the Company's capital by increasing rateably the nominal value of the shares. The amount so added to each share (in this Order referred to as "the added part") shall be the sole security for the payment of such interest, and shall be applied by the directors exclusively to the payment of such interest in accordance with the provisions of the Bill, and shall not be entitled to any dividend declared out of profits, and shall not be deemed to be capital within the meaning of Standing Order 112.
- (3.) The sum required from time to time for payment of interest shall be included in the calls made on the shares. Every resolution authorizing a call shall distinguish the amount to be called up on each share for the purpose of paying interest, and that amount, when paid, shall be deemed to be paid up in respect of the added part of the share.
- (4.) No person paying a call shall be bound to see to the application of the money paid, and no person shall be liable beyond the amount unpaid on the added part of his shares for any default which may be made by the Company in payment of interest.
- (5.) The company shall have a lien on all interest due or to become due to any shareholder in respect of his shares to the extent of all calls due thereon.
- (6.) At the expiration of the period prescribed for payment of interest, the permanent capital shall become and shall thenceforth be the only share-capital of the company, and the nominal amount of every share in the company's capital shall be reduced to its nominal amount in the permanent capital. At the same time all liability for future calls in respect of so much of the added part of the shares as has not been called up shall be extinguished, except so far as any interest may remain unpaid.
- (7.) In any case in which the Committee on the Bill think fit to allow interest in respect of additional capital, the foregoing rules shall *mutatis mutandis* apply, and provisions shall be made for distinguishing such additional capital until the expiration of the time prescribed for payment of interest.
- (8.) Trust funds in which two or more persons are or may be successively interested shall not, without express authority in the instrument creating the trust, be invested in any share capital in respect of which interest is payable.

Payment of interest on calls shall not be deemed for any purpose payment of dividend on ordinary capital.

- (9.) Notice of the effect of the foregoing provisions, so far as applicable, shall be indorsed on the certificates of all shares in respect of which interest is payable.
- (10.) Notice of the company having power to pay interest shall be given in every prospectus, advertisement, or other document of the company, and of any promoter, director, or agent of the company, inviting subscriptions for shares, and every such prospectus, advertisement, or other document shall distinguish the amount of capital applicable to the payment of interest, and shall state in general terms the conditions on which such capital is issued, and the mode in which it will be extinguished.
- (11.) The half-yearly accounts of the company shall show the amount on which, and the rate at which, interest has been paid;

and the company shall be authorized by the Bill to pay interest accordingly, but not further or otherwise.

There shall be inserted in every Railway Bill provisions making liable to severe penalties, recoverable summarily by any person, or by the Board of Trade, any director or officer or agent of the company who shall, directly or indirectly, pay or procure to be paid any interest or dividend contrary to the provisions of the Bill, and making illegal and void any contract entered into by the Company, or the promoters or directors or agents thereof, or any of them, under which payment of any interest or dividend shall be directly or indirectly provided for contrary to the provisions of the Bill.

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