

## No. 16 OF 1931.

A LAW TO AMEND THE LAW RELATING TO THE FORMATION OF COMPANIES WITH LIMITED LIABILITY. A.D. 1931.  
16 of 1931.

H. HENNIKER-HEATON.]

[July 25, 1931.]

BE it enacted:—

1. This Law may be cited as the Companies (Limited Liability) Law, 1931, and shall be read as one with the Companies (Limited Liability) Law, 1922, (hereinafter referred to as the principal Law), and the principal Law and this Law may together be cited as the Companies (Limited Liability) Laws, 1922 and 1931. Short title.

2. The following words, marginal notes and sections shall be inserted in the principal Law between section 61 and the words "Certificates of Shares, etc.":— Amendment  
of principal  
Law.

*"Issue of Redeemable Preference Shares.*

61A.—(1) Subject to the provisions of this section, a company limited by shares may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be liable, to be redeemed: Power to  
issue re-  
deemable  
preference  
shares.

Provided that—

(a) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the capital redemption reserve fund," a sum equal to the amount applied in redeeming the shares, and the provisions of this Law relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company;

(d) where any such shares are redeemed out of the proceeds of a fresh issue, the premium, if any, payable on redemption, must have been provided for out of the profits of the company before the shares are redeemed.

(2) There shall be included in every balance sheet of a company which has issued redeemable preference shares a statement specifying what part of the issued capital of the company consists of such shares and the date on or before which those shares are, or are to be liable, to be redeemed.

If a company fails to comply with the provisions of this sub-section, the company and every director, manager, secretary or other officer of the company who is in default shall be liable to a fine not exceeding one hundred pounds.

(3) Subject to the provisions of this section, the redemption of preference shares thereunder may be effected on such terms and in such manner as may be provided by the articles of the company.

(4) Where in pursuance of this section a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not for the purposes of any enactments relating to stamp duty be deemed to be increased by the issue of shares in pursuance of this sub-section :

Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this sub-section unless the old shares are redeemed within one month after the issue of the new shares.

(5) Where new shares have been issued in pursuance of the last foregoing sub-section, the capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company, up to an amount equal to the nominal amount of the shares so issued, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

61B.—(1) If a company having a share capital has redeemed any redeemable preference shares, it shall within one month after so doing give notice thereof to the Registrar of Companies specifying the shares redeemed.

Notice to Registrar of redemption of redeemable preference shares.

(2) If default is made in complying with this section, the company and every director, manager, secretary or other officer of the company who is in default shall be liable to a fine not exceeding five pounds for every day during which the default continues.

### *Reduction of Share Capital.*

61C.—(1) Subject to confirmation by the Court, a company limited by shares may, if so authorized by its articles, by special resolution reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power, may—

Special resolution for reduction of share capital.

(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up ; or

(b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets ; or

(c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the company, and may, if and so far as is necessary, alter its memorandum by reducing the amounts of its share capital and of its shares accordingly.

(2) A special resolution under this section is in this Law referred to as “a resolution for reducing share capital.”

61D.—(1) Where a company has passed a resolution for reducing share capital, it may apply by petition to the Court for an order confirming the reduction.

Application to Court for confirming order, objections by creditors, and settlement of list of objecting creditors.

(2) Where the proposed reduction of share capital involves either diminution of liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, and in any other case if the Court so directs, the following provisions shall have