

COMPANY CASES IN 1896.

Co-operative enterprise has been unparalleled during 1896. The number of companies registered in the past year has been 4,236, without counting reconstructions. Of these at least one-third, according to the estimate of the Registrar of Joint Stock Companies, belong to the category of private companies. In view of this fact—of the frequency of one, two, or three persons incorporating themselves through the machinery of the Companies Act, 1862, and trading with limited liability—incomparably the most important judicial decision of the past year is that of the law lords in *Salomon v. Salomon*. To some the novel kind of corporation sole which that decision sanctioned is an alarming phenomenon, but in truth it is only a natural corollary of limited liability. When once the Legislature accepted that principle, it transferred the centre of commercial gravity from the company to its capital. What the persons dealing with the company give credit to is the fund dedicated to the trading, and whether it is contributed by one man, or 100, or 100,000 is as immaterial as it is whether the contributors are French or English, Germans or Jews.

“One-man” companies is not the only matter in which the House of Lords have illuminated the law. They have by a judicial construction of the public examination section cut down its operation to something very harmless (*Ex parte Barnes*); indeed, the official receiver would say, annihilated the utility of the section altogether. Only the promoter or director against whom a *prima facie* case of fraud is found can now be put on the rack; for the rest, the official receiver must do his best with section 115. The significance to officialism of this decision is considerable, for with the exit of the public examination as an all-round method of inquisition, the *raison d'être* of a winding-up by the Court in great measure disappears. Voluntary winding-up is as good, if not better; consequently, for one company that comes to be liquidated in the winding-up department, ten are liquidated outside it. *Hinc ille lacrymæ!* One more decision of first-rate importance during the year has been that defining the legal position of auditors, their duties and liabilities (*In re The Kingston Cotton Mills Company*). The result is just and fair. The auditor—to sum it up—is an officer of the company, but of him, as of any other professional expert, it is only required that