

The disputed money in the *Bouch case* was claimed by two different interests, one of which contended that it was capital, the other that it was income. I cannot do better than to quote, at this point, the words of Lord Herschell in his reasons for judgment. "William Bouch, who died on the 19th of January, 1876, by his will bequeathed all the residue of his personal estate to Sir Thomas Bouch upon trust to convert the same into money, or with the consent of Jane Bouch (the testator's wife), to allow the same to remain unconverted; and upon further trust to permit his said wife to receive the interest, dividends, and annual income of said personal estate during her life; and subject thereto, he bequeathed the residue of his personal estate to Sir Thomas Bouch absolutely. Part of the residuary personal estate of William Bouch consisted of 600 shares of ten pounds each in the Consett Iron Co., upon which £7 10s. per share had been paid."

Let it be borne in mind that the original price, or par value of each share was just £7 10s. The company, as they were legally entitled to do, decided to increase, and did increase the number of shares by one third, by which transaction the Bouch estate was now entitled to become the holder of 800 shares, 200 of them being the newly allotted shares. Let me digress just now for a moment from the immediate history of the transactions, while I refer to the value of the shares previous to and subsequent to the increase above mentioned. Lord Watson in his reasons for judgment, 12 A.C. at page 404, says: "Before the proposal to issue new shares was made, the old shares were selling at a premium of £21 per share, but after the allotment of new shares the premium fell to £14," and he goes on to say: "If the company had offered to its members a choice between the bonus dividend and new shares with £7 10s. paid on each no sane shareholder would have elected to take the dividend." This "dividend" so called was the money in dispute. Let us figure this out a little more thoroughly. The original par value of each share was, as I have stated, £7 10s. Adding the premium in each case as mentioned above by Lord Watson and it will be seen