pose of selling its undertaking and assets to a new company; and a very large profit was made by this sale. The plaintiff claimed 3 per cent. on the profits so made, but Chitty, J., decided that the article in question only applied to the net profits made by the company as a going concern, and not to profits made by the sale of the undertaking and assets in a winding-up; that the directors' remuneration was intended to be a return for their services, to which the sale of the concern was not attributable. The action therefore failed.

COMPANY—WINDING-UP—SURPLUS ASSETS—ORDINARY AND PREFERENCE SHAREHOLDERS—RIGHTS OF, INTER SE.

In re Bridgewater Navigation Co. (1891), 1 Ch. 155, we have another case on company law. In this case there was a contest between ordinary and preference shareholders as to their respective rights in the surplus assets of the company which remained after payment of all liabilities. By the articles of association the directors might set aside out of profits sums as a reserve for specified purposes and other contingencies, in priority to dividends, and subject to that provision the entire profits in each year were to belong to the shareholders. Under a power in that behalf the capital had been increased by the issue of preferential shares with a fixed preferential dividend. The company's undertaking (a steamboat and navigation business) had been sold under an Act of Parliament, and there was a surplus in excess of the liabilities of the company and paid-up capital, and the contest was as to the rights of the shareholders in this surplus, and it was held by North, J., that (subject to the payment of an apportioned dividend on the preferential shares) the ordinary shareholders were entitled to the net profits of the current year, including a balance carried forward from the last year, and a sum reserved for canal improvements, but not so applied; but that they were not entitled exclusively to reserve funds set apart for insurance and depreciation of the company's property, nor to the excess of the net value of plant and works over the value thereof as estimated, nor to any moneys applied out of revenue to capital purposes.

COMPANY—BORROWING MONEY—MORTGAGE OF UNCALLED CAPITAL.

In re Pyle Works (1891), 1 Ch. 173, by the articles of association of a company the directors were empowered to borrow money on the uncalled capital, and it was provided that every director should be indemnified by the company from all loans incurred in the discharge of his duties. In 1882 the company, being in want of money, the directors applied to a bank to be allowed to overdraw the company's account, which was allowed on security being given by the promissory notes of two of the directors, it being verbally agreed that these directors should be indemnified by a charge on the uncalled capital, and the board passed a resolution that the directors who had made themselves liable should be indemnified. The same two directors also gave guarantees to a railway company in consideration of their giving credit for the carriage of goods for the company. The board of directors passed a resolution that a charge on the uncalled capital of the company should be given to the two directors in respect of the overdraft due the bank, and also in respect of the debt guaranteed to the railway company.