COMPANY—CONTRIBUTORY—SHARES ISSUED AS "PAID-UP" WITHOUT PAYMENT.

In re Johannesberg Hotel Co. (1891), 1 Ch. 119, is another decision of the Court of Appeal (Lord Halsbury, L.C., and Bowen and Fry, L.JJ.) as to the effect of shares being issued as "paid-up shares" where no payment had in fact been made. *Spargo's case*, L.R., 8 Chy.D. 407, had established that it is possible that a transaction between a company and an allottee of shares may amount to "a payment in cash," although no cash may in fact be paid by the allottee; and the question was whether in the present case there had been such a transaction between the company and the contributories. Here, the allottees of shares issued as "paid-up shares" without any payment being made, claimed to be creditors of the company, and shares were issued to them by the company as "paid-up shares" in part payment of this debt. The company being subsequently ordered to be wound up, the allottees of these shares were, by the order of Chitty, J., placed on the list of contributories, and from this order they now appealed. The Court of Appeal being of opinion that the appellants had failed as a matter of evidence to show the existence at the time of the allotment of any contract between the company to give, or the allottees to accept, the shares in satisfaction of their claim, they had not brought themselves within *Spargo's case*, which, though binding on the Court of Appeal, was evidently regarded by the Court as open to criticism. The *rationale* of the decision may be gathered from the following observation of Fry, L.J.: "Unless the contract of the hotel company to pay £3,750 to the prospecting company (the appellants), and the contract by the prospecting company to take 2,500 shares in the hotel company, were both subsisting contracts and binding on the two companies, on the 8th October (when the allotment was made), there were not debts on either side which could be extinguished by cross payments."

COMPANY—DEBENTURE-HOLDER—RECEIVER AND MANAGER.

Makins v. *Percy Ibotson & Sons* (1891), 1 Ch. 133, was an action by a debenture-holder of a company whose debentures purported to charge all the company's property both present and future, including its uncalled capital, and the plaintiff applied for the appointment of a receiver and manager of the company's business pending realization, with a view to enable the business to be sold as a going concern. The plaintiff was the sole debenture-holder. Kay, J., following a decision of Sir Geo. Jessel, M.R., in *Peck* v. *Trinsmaran Iron Co.*, 2 Chy.D. 115, made the order, though with some doubt, on the plaintiff undertaking to provide wages for the current expenses, and to be answerable for the receipts of the manager pending his giving security, and to procure the realization of the property as soon as possible.

COMPANY—REMUNERATION OF DIRECTORS—PERCENTAGE ON "NET PROFITS"—SALE OF UNDERTAKING.

Frames v. *Bultfontein Co.* (1891), 1 Ch. 140, was an action by a director of the defendant company to recover remuneration which by the articles was fixed at a sum equal to three per cent. on the "net profits" of the company in each year. The company had resolved on a voluntary winding-up, for the pur-