

Hon. Mr. McNab.

CO-OPERATIVE DAIRY COMPANIES.

ANALYSIS.

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A BILL INTITULED

AN ACT to amend the Law with respect to Co-operative Dairy Companies. Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Co-operative Dairy Companies Act, 1907. Short Title.

2. (1.) In this Act the term "co-operative dairy company" means a company which is incorporated under the Companies Act, 1903 (whether before or after the passing of this Act), and the principal object of which is the manufacture of butter or cheese from milk supplied to the company by its shareholders. Interpretation.

(2.) For the purposes of this Act the principal object of a company means the principal business which the company for the time being carries on, notwithstanding the fact that by its memorandum of association the company may be authorised to carry on any other business.

3. (1.) A co-operative dairy company may at any time, on application to the Registrar of Companies under the Companies Act, 1903, become registered as such under this Act, and when so registered shall become subject to the provisions of this Act accordingly. Registration of co-operative dairy company.

(2.) For every such registration there shall be paid a fee of one pound.

(3.) The said Registrar shall issue to the company when so registered a certificate of registration under this Act, and such certificate shall be conclusive evidence of the validity of such registration.

(4.) In the case of companies incorporated before the passing of this Act, no application for registration under this Act shall be made except in pursuance of a special resolution of the company.

(5.) In the case of companies incorporated after the passing of this Act, no application for registration under this Act shall be made unless such registration is provided for by the articles of association of the company or by a special resolution of the company.

(6.) Every application for the registration of a company under this Act shall be accompanied by a statutory declaration, made by one or more directors or officers of the company, that the company is a co-operative dairy company within the meaning of this Act. 5

(7.) Any registration of a company under this Act may at any time be cancelled by the Registrar if he is of opinion that the company is not or has ceased to be a co-operative dairy company within the meaning of this Act, and upon such cancellation being notified to the company the company shall cease to be subject to the provisions of this Act. 10

Surrender of shares. 4. Notwithstanding anything in the Companies Act, 1903, or any rule of law to the contrary, it shall be lawful for any company registered under this Act as a co-operative dairy company to require or accept from any of its shareholders, in accordance with the provisions hereinafter contained, a surrender of any shares held by them in the company, and to pay for the shares so surrendered out of the assets of the company in manner hereinafter provided. 15 20

Reissue of surrendered shares. 5. Any shares so surrendered may be reissued by the company to any person or persons in the same manner as if they had not been previously issued.

Surrendered shares not to exceed one-fifth of total number. 6. (1.) The number of shares so surrendered to the company and not reissued shall not at any time exceed one-fifth of the total number of shares issued by the company, exclusive of the said shares so surrendered and not reissued. 25

(2.) Any director of the company who accepts, authorises, or consents to the surrender of any share in breach of the provisions of this section commits an offence, and is liable to a fine not exceeding *fifty* pounds in respect of each share so unlawfully surrendered. 30

Consideration for voluntary surrender of shares. 7. (1.) The surrender of any share may be accepted by the company, in pursuance of the foregoing provisions, from any shareholder who agrees to surrender the same, and in such case there shall be payable to such shareholder out of the assets of the company such amount as is agreed upon between the company and such shareholder by way of consideration for such surrender. 35

(2.) No such agreement shall be valid unless approved by a resolution of the shareholders of the company. 40

Compulsory surrender of shares. 8. (1.) Any company registered under this Act may at any time (subject to any restrictions or conditions imposed by its articles of association) require any shareholder to surrender to the company the shares held by him, or so many of them as the company thinks fit, in consideration of the payment by the company out of its assets of the amount paid up or deemed to be paid up on the shares so surrendered, together with interest on such amount at the rate of five per centum per annum, calculated from the end of the previous financial year of the company to the date of the surrender. 45

(2.) Nothing in this section shall apply to any shares which have been allotted by any company before the passing of this Act. 50

(3.) No demand for the surrender of any shares shall be made under the authority of this section except in pursuance of a resolution of the shareholders of the company.

5 (4.) On the expiration of one month after a written notice of any such resolution has been received by the said shareholder, the shares so to be surrendered by him shall be deemed to have been duly surrendered, and may thereafter be reissued by the company to any other person.