

COMPANIES.

No. 29 of 1956.

AN ACT to amend the *Companies Act 1920*.

[16 May 1956.]

BE it enacted by His Excellency the Governor of Tasmania, by and with the advice and consent of the Legislative Council and House of Assembly, in Parliament assembled, as follows:—

Short title and citation.

1—(1) This Act may be cited as the *Companies Act 1956*.

(2) The *Companies Act 1920*, as subsequently amended, is in this Act referred to as the Principal Act.

2 After section forty-four of the Principal Act the following section is inserted:—

Power of company to issue redeemable preference shares.

CL 11 & 12
Geo 6, c. 38
(Imp.), s. 58.
No. 33, 1936
(N.S.W.), s. 149.
No. 4602
(Vict.), s. 46.
22 Geo. V No. 53 (Q'ld.), s. 58.
No. 2196 of 1934 (S.A.), s. 63.
No. 36 of 1942 (W.A.), s. 60.
1932, No. 29 (N.Z.), s. 57.

“ 45—(1) Subject to this section, a company limited by shares may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be, liable to be redeemed; but so that—

I No shares issued under the authority of this section shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption:

II No shares issued under the authority of this section shall be redeemed unless they are fully paid:

III The premium, if any, payable on the redemption of any shares issued under the authority of this section shall be provided for out of the profits of the company or out of the company's share premium account before the shares are redeemed: and

IV Where any shares issued under the authority of this section are redeemed otherwise than out of the proceeds of a fresh issue of shares there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called 'the capital redemption reserve fund', a sum equal to the nominal amount of the shares redeemed, and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company.

(2) Subject to this section, the redemption by a company of preference shares under this section may be effected on such terms and in such manner as may be provided by the company's articles.

(3) The redemption of preference shares under this section by a company shall not be taken as reducing the amount of the company's authorized share capital.

(4) Where, in pursuance of this section, a company has redeemed or is about to redeem any preference shares, it may issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not, for the purposes of any enactments relating to stamp duty, be deemed to be increased by the issue of shares in pursuance of this subsection; but where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this subsection unless the old shares are redeemed within one month after the issue of the new shares.

(5) The capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

(6) There shall be included in every balance sheet of a company which has issued redeemable preference shares under the authority of this section a statement specifying what part of the issued capital of the company consists of redeemable preference shares, and the date on or before which those shares are to be liable to be redeemed.

(7) If a company fails to comply with the provisions of subsection (6) of this section, the company and every officer of the company who is in default shall be guilty of an offence.

Penalty: Fifty pounds."
