

The Committee, therefore, is of the opinion that the only practical solution of the problem is by the setting-up of an independent Tribunal with power to—

- (a) Determine at what figure dry shares shall be resumed.
- (b) What terms, if any, should be granted to a company in respect of its requirement to resume its dry shares.
- (c) Approve of resumptions in excess of the present statutory limit of 20 per cent.

45. If such a Tribunal were set up it would need to take into consideration—

- (a) The present-day worth of the shares, on the assumption that the company went into ordinary liquidation.
- (b) The value of the shares, on the assumption that the company continued as a going concern.
- (c) The market value, if any, of the shares.
- (d) The rate (if any) which has been paid by the company in the past on any resumptions it may have voluntarily made.
- (e) The future prospects of the company, with particular reference to the continuance in the normal course of a satisfactory quantum of butterfat.
- (f) The ability of the company to meet the cost of resumption and its effect on the remaining suppliers.
- (g) Whether the applicant for resumption has been a disloyal supplier, or whether the withdrawal of his supply was detrimental to the interests of the company.
- (h) Any other matters whatsoever that the tribunal considers have a bearing on the fair value of the shares.

46. Such a Tribunal would then, if it thought fit, fix a *fair value or rate* at which the dry shares should be resumed. In no case should this value exceed par, because since 1907 companies have had the inherent right to resume at 20s. in the pound. Once any such order was made, the resumption value so fixed could be regarded as an ordinary unsecured debt immediately due and payable by the company, unless the Tribunal directed payment in instalments, in which case payment would fall due as directed without, we recommend, interest thereon.

47. In making any order for resumption of dry shares such a Tribunal would require to give very careful consideration to the ability of the company to find the moneys. Where a compulsory dividend is now payable, the annual cost of such dividend, including taxation, would go a long way towards redemption of that portion of the capital which is dry; in fact, in many cases it would liquidate the possible indebtedness in five to ten years, on the assumption that the resumption rate is fixed at 10s. to 20s. in the pound. It would also require to give the fullest consideration as to the position of and the effect on the creditors of the company if any order is made by it.

48. The financial position of some companies is such that neither time nor a reduction from par is required—only the right to redeem shares in excess of the present statutory limit of 20 per cent.

49. The reduction of the shareholders to mainly supplying shareholders would in the majority of cases increase interest in the company, lead to greater attention to its assets, and generally improve the morale of the company.

50. There may be cases where the failure of the company is imminent. It is thought that in such cases the Tribunal would not make any order for resumption, thus leaving the wet and dry shareholders to their ordinary legal rights upon liquidation.

51. There is at least one large company whose shares are related to individual groups within the company with an appropriation of assets to those shares for the purpose of resumption. In any such cases—and these will increase with greater