



CHAPTER cxcviii.

An Act for empowering the East and West Junction Railway Company to raise further Money by Debenture Stock with a special preference or priority attached thereto; and for other purposes. A.D. 1874.
[7th August 1874.]

WHEREAS by "The East and West Junction Railway Act, 1864," (in this Act called "the Act of 1864,") the East and West Junction Railway Company (in this Act called "the Company") were incorporated, and empowered to make a railway from the Northampton and Banbury Junction Railway, near Towcester, to the Great Western Railway in the parish of Old Stratford in the county of Warwick, and were authorised to raise three hundred thousand pounds by shares, and to borrow on mortgage one hundred thousand pounds : 27 & 28 Vict.
c. lxxvi.

And whereas by "The East and West Junction Railway (Capital) Act, 1866," (in this Act called "the Act of 1866,") the Company were authorised to raise a further sum of three hundred thousand pounds by new shares or stock, to which they were authorised to attach a preferential dividend at any rate not exceeding five pounds per centum per annum (such preference not to take place till after the construction and opening for traffic of the railway), and were also authorised to borrow on mortgage the further sum of one hundred thousand pounds, and were also empowered to create and issue debenture stock : 29 & 30 Vict.
c. cxlii.

And whereas by "The East and West Junction Railway (Diversion of Roads) Act, 1866," the Company were authorised to divert, alter, and stop up certain roads therein mentioned :

And whereas the Company being unable to meet their engagements with their creditors, on the eighth day of March 1869 filed under "The Railway Companies Act, 1867," a scheme of arrangement between themselves and their creditors (in this Act called "the scheme of arrangement"), whereby, after reciting (amongst

A.D. 1874. other things) that the Company had issued and called up the whole of their original share capital of three hundred thousand pounds, divided into fifteen thousand shares of twenty pounds each, and (with the exception of a sum of four hundred and twenty pounds) had also borrowed upon debentures the whole of the sum of one hundred thousand pounds, the amount which by the Act of 1864 they were authorised so to borrow, and that the Company owed to the said debenture holders for arrears of interest to the thirty-first day of July 1868, upon the amount of their respective debentures, the sum of eight thousand seven hundred pounds nineteen shillings and tenpence, and in respect of the principal moneys secured by some of the said debentures six thousand eight hundred and eighty pounds, and that the loans secured by others of the said debentures, amounting to the sum of ninety-two thousand seven hundred pounds, would fall due between the first day of July 1868 and the first day of January 1871, and that there were debts and claims of outside creditors of the Company (exclusive of landowners) amounting in the aggregate to forty-six thousand three hundred and thirty-seven pounds eleven shillings and fivepence, or thereabouts, and that there were due and owing in respect of purchases of land not then completed sums amounting in the aggregate to about thirty-five thousand pounds, and the costs to be thereafter incurred in completion of such said purchases, which it was estimated amounted to five thousand pounds or thereabouts, and that the Company had partially completed about twenty out of the thirty-three miles of railway authorised by the said Act, but that no part of the said railway was sufficiently completed to be opened for traffic, and that they had paid or duly deposited the purchase moneys for and held for the purposes of their undertaking land to the value of about forty-three thousand pounds, and that the Company had no rolling stock or plant or other property beyond what was therein-before mentioned, and were quite unable to meet their engagements and liabilities to their outside creditors, or to pay the interest or principal due on their debentures, and that for want of funds the works upon the said line of railway had been stopped since August 1866; and reciting also the further capital powers conferred upon the Company by the Act of 1866, and reciting also certain resolutions passed at an extraordinary general meeting of the Company, held on the twenty-ninth day of January 1867, authorising the directors of the Company to raise, in pursuance of the provisions of the Act of 1866, the sum of three hundred thousand pounds by the creation of new shares, and attaching to the new shares to be so created a preferential dividend of not exceeding

five pounds per centum per annum, as therein mentioned, and a certain other resolution passed at another extraordinary general meeting of the Company, held on the twenty-ninth day of January 1868, and by adjournment on the twelfth day of February 1868, as to issuing the said shares at a discount, but that no part of the said additional capital of three hundred thousand pounds so authorised to be raised had in fact been raised; and reciting also that it was believed that the Company could procure from a responsible and experienced contractor an agreement to complete the construction of the Company's lines of railway with a double line of rails throughout, and with all proper stations, buildings, works, and conveniences, to the satisfaction of the Board of Trade, for a sum not exceeding two hundred and thirty thousand pounds, within a period of eighteen months from the date of the contract, and that in the event of such a contract being entered into the Company would be able to procure subscriptions for and payment up of a sum of four hundred thousand pounds debenture stock, at a discount not exceeding twenty pounds per centum upon the amount thereof, provided that such four hundred thousand pounds debenture stock was made to bear interest at five pounds per centum per annum, and to rank in priority to the existing share capital and debenture capital of the Company; and that it was believed that the outside creditors of the Company, whose debts and claims, as therein-before stated, amounted to forty-six thousand three hundred and seventy-seven pounds eleven shillings and fivepence, or thereabouts, would agree to take in satisfaction of their respective claims equivalent amounts of debenture stock of the Company, such debenture stock ranking after the said four hundred thousand pounds debenture stock, and also after the then existing debentures of the Company, the Company proposed the following scheme of arrangement; (that is to say,)

- (1.) That the directors should be at liberty to enter into a contract for the completion of the said railway within a period of twenty-four months from the date of such contract, for a sum not exceeding two hundred and thirty thousand pounds:

Provided nevertheless as follows:

- (a.) The contract might be either for the completion of the line with a single line of rails only, therein-after called a single line contract, or for the completion of the line with a double line of rails, therein-after called a double line contract:

A.D. 1874.

- (b.) If the contract should be a double line contract, that the contract price should not exceed two hundred and thirty thousand pounds :
- (c.) If the contract should be a single line contract, that the contract price should be less than the said sum of two hundred and thirty thousand pounds by a sum not less than fifty thousand pounds :
- (d.) If the contract should be a double line contract, it should nevertheless be lawful for the directors to complete, open, and work one line of rails before the other :
- (2.) That in lieu and stead of the said additional share capital of three hundred thousand pounds and one hundred thousand pounds debenture capital authorised to be raised by the Act of 1866, as therein-before stated, there should be created and issued, at a discount not exceeding twenty pounds per centum on the nominal amount thereof, debenture stock, to be called first debenture stock, to the amount of four hundred thousand pounds, bearing a fixed and perpetual preferential interest at the rate of five pounds per centum per annum, to commence from the date of issue, or such later day or days as the directors might on the issue thereof determine :
- (3.) That the said first debenture stock, and the interest thereof, should be a first charge upon the Company's undertaking, and should have priority over the existing debentures of the Company, and the interest thereof already or thereafter to become due thereon :
- (4.) That the then existing debentures of the Company should be converted into a sum of one hundred thousand pounds debenture stock, bearing interest as from six months after the date of the opening of the line at six pounds per centum per annum, payable only out of the net profits of the year during which such interests should accrue, to be called second debenture stock, and to have priority over all other charges except the said first debenture stock :
- (5.) That there should be also created and issued debenture stock not exceeding in amount one hundred thousand pounds, to bear interest at six pounds per centum per annum, payable only out of the net profits of the year during which such interest should accrue, as from the expiration of six months from the date of opening the railway, and to be called third

debenture stock, to rank next in priority after the said second debenture stock, and to be allotted to and taken at par by the said outside creditors of the Company (including the sum of eight thousand seven hundred pounds nineteen shillings and tenpence mentioned in the second paragraph of the scheme of arrangement, and including also interest on the amount of the said original debentures, and also upon the amount of the debts of the said outside creditors, from the thirty-first day of July 1868 to the expiration of six months after the opening of the railway,) as fully paid-up stock, according to the amount of their respective debts, and in satisfaction thereof:

- (6.) That the first debenture stock, or the moneys which should be raised by means thereof, should be applied as follows; viz., (first) in payment of the purchase moneys and costs in respect of land acquired and to be acquired for completing the undertaking; (secondly) in payment to the contractor of the sum which should be agreed to be paid for the completion of the said railway; (thirdly) in payment of the interest which should be due on the said first debenture stock, up to the expiration of twelve months next after the completion of the said line of railway, and, subject and without prejudice as aforesaid, in or towards the general purposes and requirements of the Company:
- (7.) That so far as might be necessary to give effect to the scheme of arrangement, but no further or otherwise, the provisions of the special Acts of the Company, and the resolutions passed as aforesaid, should be regarded as respectively annulled and varied, and it was provided that Part III. of "The Companies Clauses Act, 1863," except as therein mentioned, should apply to the debenture stocks thereby authorised:

And whereas the scheme of arrangement was duly assented to by the shareholders and debenture holders of the Company, as provided by "The Railway Companies Act, 1867," and was confirmed by His Honour the Vice-Chancellor Sir William Milbourne James, on the seventh day of May 1869, and was enrolled in Chancery on the thirteenth day of July 1869:

And whereas the Company, in pursuance and under the authority of the scheme of arrangement, issued first debenture stock to the nominal amount of four hundred thousand pounds, as to three hundred and eighteen thousand five hundred pounds, part thereof, at the price of eighty-three pounds six shillings and eightpence for

A.D. 1874. every one hundred pounds of such stock, and as to the rest at different prices, not being less than eighty per centum, the limit prescribed by the scheme of arrangement, and the whole of the said stock has been subscribed for, taken, and paid up :

And whereas also, in pursuance and under the authority of the scheme of arrangement, the Company converted their then existing debentures into a sum of one hundred thousand pounds second debenture stock, bearing interest as prescribed in the scheme :

And whereas the Company also, in pursuance and under the authority of the scheme of arrangement, have from time to time issued at par to the outside creditors of the Company, in respect of the principal and interest of their debts, as mentioned in the scheme, and to the holders of second debenture stock in respect of the interest on the original debentures, as mentioned in the scheme, the whole or nearly the whole of the third debenture stock authorised by the scheme of arrangement :

And whereas, after the confirmation of the scheme of arrangement, the Company entered into a contract for the completion of their railway and works for a double line (except the permanent way and ballast, which were to be for a single line) within the provisions of the scheme, and the construction of the railway and works was resumed :

And whereas the Company also entered into a contract with the Midland Waggon Company for the hire of rolling stock, not having any funds with which to purchase the same :

And whereas by a warrant of the Board of Trade of the twenty-fifth day of June 1870, made under the provisions of the Railways (Extension of Time) Act, 1868, the time by the Act of 1864 limited for the completion of the Company's railway and works was extended to the twenty-third day of June 1871 :

34 & 35 Vict.
c. lxxxii.

And whereas by the East and West Junction Railway (Extension of Time) Act, 1871, the time for completing the said railway and works was further extended to three years after the passing of that Act, videlicet, to the twenty-ninth day of June 1874 :

And whereas some time after the confirmation of the scheme of arrangement it was discovered that the estimates in respect of the acquisition of land, and otherwise, on which the said scheme was based were being largely exceeded, and that the proceeds of the said first debenture stock would prove insufficient to carry out the purposes of such scheme, and in consequence of various circumstances it was found to be impossible to complete and open the line for traffic within the time contemplated by the scheme, whereby a

much larger sum had to be applied for interest on the first debenture stock than was intended, and it was also found impossible to complete the railway without special arrangements being made with the contractors and other persons to whom the Company had contracted debts since the confirmation of the scheme of arrangement for the postponement of their claims, but by these means the line was completed and was fully opened for traffic as a single line of railway on the fifth day of August 1873 : A.D. 1874.

And whereas the Company have ever since the opening of their line worked the same, but the gross receipts on the railway have not hitherto been sufficient to pay the expenses of working the same, together with the sums necessarily expended for repairs and maintenance, and the costs of management and of hiring rolling stock, and the deficiency caused thereby has been from time to time charged against the revenue account, which up to the thirtieth day of June one thousand eight hundred and seventy-three showed a balance of four thousand six hundred and seventy pounds fifteen shillings and fivepence to debit, but it is fully expected that the traffic of the Company will before long greatly increase, and produce a considerable net revenue :

And whereas the Company have been compelled to hire rolling stock for working their railway, upon terms which in effect compel them to pay far larger sums than would be the case if they possessed capital to purchase rolling stock, and the yearly sum which the Company have to pay for hiring rolling stock, videlicet, five thousand two hundred and sixty-nine pounds seven shillings and fivepence, is yearly debited to revenue, whereas if such rolling stock were actually purchased the price would be charged to capital, and the revenue of the Company relieved from an undue burden :

And whereas the debts now owing by the Company amount to the sum of thirty thousand pounds or thereabouts :

And whereas the Company have no existing mortgages, and have not created or issued any preference shares or stock :

And whereas, in order to enable the Company to keep open their railway for traffic, and to work it profitably and develop the capabilities of the line, it is essential that they be empowered to raise further sums for the payment of the debts and liabilities of the Company, and the payment or recouping of any past and future excess of the expenses of working their railway over the gross receipts thereof, and for purchasing rolling stock and plant, and for other the special purposes herein-after mentioned, and for that purpose that they be authorised to create and issue debenture stock to an amount not exceeding one hundred thousand pounds, with a

A.D. 1874. preferential dividend or interest attached thereto, to rank next after the first debenture stock of the Company under the scheme of arrangement :

And whereas the application to Parliament by the Company to create and issue debenture stock, with such privileges to be attached thereto as are in this Act provided, is assented to by upwards of three fourths in value of the holders of the second debenture stock of the Company, and by upwards of three fourths in value of the holders of the third debenture stock of the Company :

And whereas the purposes of this Act cannot be effected without the authority of Parliament :

May it therefore please Your Majesty that it may be enacted; and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :

Short title.

1. This Act may be cited as "The East and West Junction Railway Act, 1874."

Part III.
(except certain sections) of 26 & 27 Vict. c. 118. incorporated.

2. Part III. (relating to debenture stock) of "The Companies Clauses Act, 1863," except the sections numbered respectively 22, 23, 24, 32, 34, and 35 thereof, is incorporated with and forms part of this Act.

Power to create and issue debenture stock.

3. The Company, with the sanction of three fifths of the votes of the shareholders and stockholders entitled to vote in that behalf at meetings of the Company, present (personally or by proxy) at a meeting of the Company specially convened for the purpose, may from time to time raise money by the creation and issue of debenture stock to an amount not exceeding one hundred thousand pounds, and at such discount, not exceeding thirty per centum, as the Company thinks fit, and may attach to the stock so created such fixed and perpetual preferential interest, not exceeding the rate of six pounds per centum per annum, payable half-yearly or otherwise, and commencing at once or at any future time or times when and as the debenture stock is issued or otherwise, as the Company thinks fit.

Debenture stock to be a prior charge except as to first debenture stock.

4. Debenture stock under this Act shall be called First Debenture Stock B, and with the interest thereon shall be a charge upon the undertaking of the Company prior to all shares or stock of the Company other than the first debenture stock created and issued as aforesaid under the scheme of arrangement, and shall be transmissible and transferable in the same manner and according to the same regulations and provisions as other stock of the Company,

and shall in all other respects have the incidents of personal estate, but the holders of First Debenture Stock B under this Act shall not as amongst themselves be entitled to any preference or priority. A.D. 1874.

5. All moneys raised under this Act shall be applied only for the following purposes, or some of them ; that is to say, Application of moneys.

The payment of all costs, charges, and expenses of and incident to the preparing for, obtaining, and passing of this Act, or otherwise in relation thereto :

The payment and discharge of all debts, liabilities, and engagements of the Company incurred since the scheme of arrangement, and remaining unpaid or unsatisfied :

The payment or recouping of any past and future excess of the expenses of working the railway of the Company, (including the necessary expenses of management, and all sums paid or to be paid for the hire of rolling stock,) and of repairing and maintaining the railway, works, stations, and rolling stock and plant of the Company, over the gross receipts of the railway :

The purchase of rolling stock and plant :

The general improvement and development of the undertaking of the Company.

6. The Company may issue First Debenture Stock B to any person, company, or body having a claim against the Company, (to the discharge of which money raised by the issue of such stock might under this Act be applied,) in discharge of such claim, and at any discount within the limit hereby prescribed which the Company may agree upon with such person, company, or body. First Debenture Stock B may be issued to creditors, &c.

7. The Company shall not, out of any money by this Act authorised to be raised, pay interest or dividend to any shareholder on the amount of the calls made in respect of the shares held by him ; but nothing in this Act shall prevent the Company from paying to any shareholder such interest on money advanced by him beyond the amount of the calls actually made as is in conformity with the Companies Clauses Consolidation Act, 1845. Interest not to be paid on calls paid up.

8. The Company shall not, out of any money by this Act authorised to be raised, pay or deposit any sum which, by any standing order of either House of Parliament now or hereafter in force, may be required to be deposited in respect of any application to Parliament for the purpose of obtaining an Act authorising the Company to construct any other railway, or to execute any other work or undertaking. Deposits for future Bills not to be paid out of capital.

[Ch. cxcviii.] *The East and West Junction* [37 & 38 VICT.]
Railway Act, 1874.

A.D. 1874.
—
Company or
railway not
exempt from
provisions
of present
and future
general Acts.

9. Nothing in this Act contained shall exempt the Company or the railway from the provisions of any general Act relating to railways, or the better and more impartial audit of the accounts of railway companies, now in force or which may hereafter pass during this or any future session of Parliament, or from any future revision or alteration, under the authority of Parliament, of the maximum rates of fares and charges, or of the rates for small parcels, authorised by the Act of 1864.

LONDON: Printed by GEORGE EDWARD EYRE and WILLIAM SPOTTISWOODE,
Printers to the Queen's most Excellent Majesty. 1874.