CHAPTER viii.

An Act to make provision with reference to the winding up of the Kent and Surrey Permanent Benefit Building Society. A.D. 1896.

[21st May 1896.]

WHEREAS the Kent and Surrey Permanent Benefit Building Society (in this Act called "the Society") was originally formed in the month of September 1860 under the Act 6 & 7 William IV. chap. 32 with the name of "The Woolwich Plumstead and Charlton Benefit Building Society" with the object of raising a fund to enable its members to receive an advance in full of a share or shares for the purpose of erecting or purchasing a dwelling house or houses or other freehold or leasehold property and on the 13th day of June 1876 was incorporated under the Building Societies Act 1874 and on the 27th day of June 1876 its name was changed to "The Kent and Surrey Permanent Benefit Building Society":

And whereas in the month of October 1892 the Society was found to be insolvent and at a meeting of the members of the Society held on the 14th day of October 1892 it was duly resolved that the Society should be wound up voluntarily under the supervision of the court or by the court if the court should so order and John Oliver and William Long were authorised to present a petition to the proper court to wind up the same:

And whereas by an order of the county court of Kent holden at Greenwich Woolwich Branch (being the county court of the district in which the chief office or place of meeting for the business of the Society was situate and the court having under the Building Societies Act 1874 jurisdiction in respect of the winding up of the Society) made on the 5th day of November 1892 by his Honour Judge Bristowe the judge of the said court it was ordered that the voluntary winding up of the Society should be continued but subject to the supervision of the court and William Henry Pannell of

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13 and 14 Basinghall Street in the city of London chartered accountant was thereby appointed liquidator of the Society:

And whereas the shares of the Society were of two classes (namely) investment shares and advanced shares and the investment shares were also of two classes (namely) shares which were issued as fully paid up and subscription shares which were paid up by instalments:

And whereas at the commencement of the winding up of the Society there were 382 members holding shares of whom 192 members held investment shares as follows (namely) 101 members held 492 fully paid-up investment shares of 50*l.* each and 91 members held 212½ subscription shares and 190 members held 2,156 advanced shares in respect of which the Society held mortgages or securities executed by such members:

And whereas by an order made by his Honour Judge Bristowe in the matter of the said winding up dated the 8th day of February 1895 after hearing counsel not only for the liquidator but also for persons appointed to represent for the purposes of the application the holders of all the shares in the Society of the following classes (namely) investment shares issued as fully paid up (in the order called "A shares") investment subscription shares (in the order called "B shares") and advanced shares (in the order called "C shares") it was declared that the holders of A shares and also the holders of B shares and also the holders of C shares were respectively liable to be placed on the list of contributories of the Society in respect of the shares held by them respectively And it was further declared that it was the duty of the liquidator to make a valuation as at the end of each financial year of the Society (that was to say as on the 30th day of September in each year) of the assets and liabilities of the Society and that the persons (whether holders of A shares or B shares or C shares) who were members of the Society at the end of each such year in which it should appear that there was a deficiency of the profits and income of the Society to meet the losses and expenses of the Society in that year were liable to contribute a sum sufficient to make good such deficiency but all questions as to the proportions in which such persons were respectively liable to make good the said deficiency and the period for which they were liable and certain other questions as to the mode in which the liability should be ascertained were reserved for further consideration:

And whereas appeals have been brought and entered by the representatives of each of the said three classes of members against the said order which appeals have not been heard or determined but are by consent standing over for the purpose of ascertaining if a

general scheme for the settlement and arrangement of the affairs of the Society can be framed and made binding :

And whereas no further order has been made with reference to the questions which by the said order dated the 8th day of February 1895 were reserved for further consideration :

And whereas the assets of the Society other and besides the liability of the members under the said order dated the 8th day of February 1895 are estimated to realise about and not exceeding 30,000*l.* part whereof consists of sums due from advanced members of the Society upon mortgages and securities which sums are repayable by instalments over divers periods of time :

And whereas by virtue of the original rules of the Society the trustees and directors of the Society had power to borrow money without limit for the purposes of the Society which power remained in force until the incorporation of the Society under the Building Societies Act 1874 when the Society's borrowing powers became subject to the limit imposed by section 15 of that Act and by a new rule of the Society which came into force on the 28th day of October 1879 the Society's borrowing powers were fixed at the same limit as that prescribed by section 15 of the Building Societies Act 1874 and the Society retained such limited borrowing powers down to the time of the commencement of the winding up :

And whereas subsequently to the incorporation of the Society its limited borrowing powers have always been very largely exceeded but owing to the number and magnitude of the transactions of the Society it is practically impossible to ascertain which of the loans and advances in fact received by it were within and which of such loans and advances were in excess of its borrowing powers :

And whereas at the commencement of the winding up of the Society 692 persons were or claimed to be creditors of the Society in respect of deposits loans and advances in fact made with and to the Society and the claims made by such persons amounted in the aggregate to 74,738*l.* 2*s.* 4*d.* but under the circumstances herein mentioned it is practically impossible to ascertain which of such claims are well founded in point of law having regard to the Society having exceeded its borrowing powers :

And whereas the indebtedness of the Society at the commencement of the winding up other than in respect of deposits advances and loans amounted only to the sum of 20*l.* or thereabouts and such indebtedness has been satisfied :

And whereas owing to various acts of fraud and mismanagement extending over a period of upwards of 20 years the affairs of the Society are involved in great and inextricable confusion and the

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respective rights liabilities and priorities of the parties interested as members and depositors respectively can only be determined (if at all) after long inquiry and protracted litigation and in the ordinary process of winding up no adequate means exist for putting an end within any reasonable period or at any reasonable expense to the doubts and difficulties which have arisen upon matters of fact and of law:

And whereas owing to the large number (exceeding 1,050) of the persons interested as members and depositors some of whom are believed to be dead without legal personal representatives others of whom are under disability and others of whom cannot be found it is impracticable to obtain the assent of every person interested or claiming to be interested to any scheme for the settlement or arrangement of the affairs of the Society:

And whereas doubts have arisen whether the provisions of the Joint Stock Companies Arrangement Act 1870 extend to or include the case of a benefit building society incorporated under the Building Societies Act 1874 and in course of being wound up under the provisions of that Act:

And whereas it is expedient with a view to avoid delay and expense to provide that the Joint Stock Companies Arrangement Act 1870 shall extend and apply to the Society and to make the other provisions herein-after contained:

And whereas the Bill for this Act has received the approval of the judge of the court in which the winding up of the Society is proceeding:

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 for all purposes as the Kent and Surrey Permanent Benefit Building Society's Act 1896.

Provisions of Joint Stock Companies Arrangement Act 1870 to be applicable.

2. The provisions of the Joint Stock Companies Arrangement Act 1870 shall extend and apply to the Society in the same manner in all respects as if the Society had been a company liable to be wound up under the Companies Acts 1862 and 1867 and were in course of being wound up under the supervision of the court under those Acts.

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Powers of court exercise-able by judge of court in which winding up proceeding.

3. The powers by the said Act of 1870 conferred upon the court therein referred to shall in the case of the Society be exerciseable by the judge for the time being of the court in which the winding up of the affairs of the Society is proceeding.

Persons who are to be deemed creditors of the Society.

4. All persons who have in fact deposited money with or lent or advanced money to the Society and whose deposits or loans have not been repaid whether such deposits or loans were made within or were made in excess of the borrowing powers of the Society shall for the purposes of any compromise or arrangement be deemed to be creditors or a class of creditors of the Society.

Costs of Act.

5. All costs charges and expenses preliminary to and of and incidental to the preparing applying for obtaining and passing of this Act shall form part of the expenses of the winding up and liquidation of the Society and shall be paid out of the assets of the Society.

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