

THE SCHEME.

1. A new Company shall be incorporated under the Companies' Acts 1862 to 1886 as a Company limited by Shares. The name of such Company (hereinafter called the "New Company") shall be "THE MOSS BAY HEMATITE IRON AND STEEL COMPANY, LIMITED," or, if any difficulty arises as to registering under that name, then such other name as the Liquidator of the present Company, THE MOSS BAY HEMATITE IRON AND STEEL COMPANY, LIMITED (hereinafter called the "Old Company"), shall select. The nominal capital of the new Company shall be Three hundred and eight thousand one hundred and ninety-six pounds, divided into 17,122 Ordinary Shares of £10 each, and 17,122 Preference Shares of £8 each. The said Preference Shares shall carry the right to a fixed cumulative preferential dividend at the rate of 6 per cent. per annum on the capital for the time being paid up or credited as paid up thereon, and shall rank both as regards capital and dividend in priority to the Ordinary Shares. The objects of the new Company shall include the acquisition and undertaking of all or any of the assets and liabilities of the old Company. The Memorandum and Articles of Association of the new Company shall be framed in accordance with the drafts which have already been approved by the Liquidator of the old Company (hereinafter called "the Liquidator"). The first Directors of the new Company shall be nominated by the Liquidator of the old Company with the approbation of the Judge.

2. The Liquidator shall enter into an Agreement with the new Company for the transfer to the new Company, upon the footing and subject to the provisions of this Scheme, of all the assets of the old Company, including those mortgaged or charged, but excluding any uncalled capital of the old Company.

3. The holders of Debentures of the old Company, and the holders of Mortgages on the property of the old Company, shall in respect of such Debentures and Mortgages, be dealt with as follows, that is to say:—

(a.) The sum of £25,000 in cash shall be provided for their benefit out of the proceeds of the Call of £3 per Share on the 17,122 Ordinary Shares of the old Company, which has been made by order of the Court.

(b.) £92,000 "A" Debentures of the new Company shall be provided for their benefit. And such cash and debentures shall be divided among them in proportion to the amount owing to them respectively by the old Company in respect of such debentures and mortgages, and they shall accept the same in full satisfaction and discharge of such debentures and mortgages, and the assets of the old Company shall stand freed and discharged from all claims in respect of such debentures and mortgages, and the holders thereof shall give up to the new Company such debentures and mortgages, and, if required by the new Company, shall execute such releases and surrenders as the new Company may desire.

4. The unsecured creditors of the Company shall be dealt with as follows, that is to say:—

(1.) The following amounts, namely:—

(a.) The sum of £25,000 which shall be provided (*pari passu* with the £25,000 mentioned in Clause 3 hereof), out of the proceeds of the said Call of £3 per Share, which has been made by Order of the Court.

(b.) The net proceeds arising from the sale of the Shares in the Pacific Investment Company, Limited, and the Anstruther and St. Andrews Railway belonging to the old Company, which sale shall be made by the Liquidator of the old Company with all convenient speed after this Scheme becomes binding.

(c.) Such part of the cash assets in the hands of the old Company or its Liquidator, as with the above, shall be sufficient to pay to the unsecured creditors a dividend of 10s. in the pound on the amount due to them respectively shall be divided among the unsecured creditors of the old Company in proportion to the amount due to them respectively at the commencement of the winding up of the old Company.

(2.) In respect of the balance of the amount due as aforesaid to each of the unsecured creditors of the old Company, the new Company shall issue to such creditor a "B" debenture or "B" debentures of the new Company for securing principal monies equal to the amount of such balance, but any fraction of £10 shall be paid in cash out of the cash assets of the old Company.

(3.) The term unsecured creditors in this Clause shall be deemed to include all the creditors (other than secured creditors) whose claims have been certified by the Chief Clerk in the winding up of the old Company, and all those whose claims shall hereafter be so certified, and every such creditor shall rank as a creditor for the amount so certified to be due to him and no more.

5. The unsecured creditors of the old Company, shall accept the provisions in their favour contained in this Scheme in full satisfaction and discharge of all their claims as against the old Company and the assets thereof.

6. The "A" debentures of the new Company shall be limited in amount to £100,000. They shall carry interest as from the time when this Scheme becomes binding at the rate of 5 per cent. per annum, payable half-yearly on the first day of January and first day of July. The first payment to be made on the first day of July next. They shall be for £10 each or some multiple of £10. They shall be redeemable by annual drawings of not less than £5,000. The new Company shall be at liberty to issue fresh debentures ranking *pari passu* with the other "A" debentures in the place of any "A" debentures so redeemed. The "A" debentures shall be secured as a first charge on the undertaking of the Company, and its uncalled capital for the time being subject however as regards the final Call of £3 per Share on the said 17,122 Ordinary Shares in the new Company to the prior charge thereon given to the "B" debentures.

7. The "B" Debentures shall be limited to such amount as may be required for the purposes of Paragraph 2 of Clause 4 hereof. They shall carry interest, as from the time when this Scheme becomes binding, at the rate of 5 per cent. per annum, payable half-yearly on the first day of January and first day of July in each year, the first of such payments to be made on the first day of July next. The "B" Debentures shall be for £10 each, and shall be redeemed by annual drawings of not less than £2,500, and the new Company is to be at liberty to issue a fresh Debenture ranking *pari passu* with the other "B" Debentures in the place of any "B" Debentures so redeemed. The "B" Debentures shall be secured as a first charge on the first Call of £2 per Share on the said 17,122 Shares in the new Company, and as a second charge on the undertaking of the new Company, and the rest of its uncalled Capital for the time being, that is to say, immediately after the first charge in favour of the "A" Debentures. The "A" and "B" Debentures shall respectively be framed in accordance with the forms in that behalf already approved by the Liquidator.

8. Notwithstanding anything aforesaid, all creditors of the old Company, if any, who by virtue of the Companies Act, 1883, or otherwise, are entitled to be paid in full in priority to other debts shall be paid in full by the Liquidator out of the assets of the old Company within fourteen days after this Scheme becomes binding, and Clause 4 hereof shall not apply to such creditors.

9. The new Company shall take over and discharge all the debts, liabilities and contracts of the Liquidator incurred in carrying on the business of the old Company since the commencement of the winding-up thereof.

10. The new Company shall pay all the costs and charges in connection with the liquidation of the old Company and the promotion and formation of the new Company and the carrying of this Scheme into effect.

11. The new Company shall allot to or to the nominee or nominees of each member of the old Company who, within six weeks after being served with such notice as is mentioned in Clause 12 hereof, shall require the new Company so to do, one Preference Share in the new Company of £8 credited as fully paid-up, and one Ordinary Share in the new Company of £10 credited as paid-up to the extent of £6 in respect of each fully paid-up Ordinary Share of £20 in the old Company held by such member. The new Company is to be at liberty to dispose of the Shares not taken up under this clause on such terms as it thinks fit.

12. The Liquidator shall within 14 days after this Scheme becomes binding give notice in writing to each member of the old Company stating the number of shares in the new Company which he is entitled, pursuant to this Scheme, to have allotted to him or his nominee or nominees, and the amount per share to be credited as paid-up thereon, and the period within which an application in writing for the allotment must be sent to the new Company.

13. As soon as conveniently may be after this Scheme becomes binding the old Company and its Liquidator shall respectively execute and do all such assurances and things as the new Company may reasonably require for vesting in the new Company the assets of the old Company, the same in case of difference to be settled by the Court, but so long as any of the debts and liabilities of the old Company (other than its Debenture Securities) or of the costs, charges and expenses aforesaid remain unpaid the Liquidator is to be at liberty to retain an equivalent part of the said assets by way of security.

14. All further proceedings in the Action of the Cumberland Union Banking Company, Limited v. The Moss Bay Hematite Iron and Steel Company, Limited, 1890, C., No. 1,181, shall be stayed, and the Receiver shall be discharged and all costs of the Action shall be paid out of the cash assets of the old Company.

15. As from the time when this Scheme is sanctioned until the new Company is given possession the Liquidator of the old Company shall be, subject to the provisions of this Scheme, be deemed to be carrying on the business of the old Company on behalf of the new Company, and shall accordingly account to the new Company for all benefits received and be indemnified against all liabilities and expenses incurred whilst so carrying on the same.

16. Unless this Scheme is duly adopted by the new Company within eight weeks after it becomes binding, the Liquidator may, with the sanction of the Court, declare that the Scheme, so far as regards the sale to a new Company, has fallen through.

17. Moreover, unless the whole of the Ordinary Shares in the new Company or such proportion thereof not being less than two-thirds as the Liquidator may think sufficient shall be taken up within ten weeks after this Scheme becomes binding the Liquidator may with the sanction of the Court declare that the Scheme, so far as regards the sale to a new Company, has fallen through.

18. In case any such declaration as aforesaid is made the winding up of the Company shall proceed in due course and all the other provisions of this Scheme shall be at an end.

19. The Liquidator may assent to any modification in this Scheme or to conditions which the Court may think fit to approve or impose.

20. Nothing in this Scheme contained shall affect any charge, lien or security, except as hereinbefore provided.

Note The Moss Bay Hematite, Iron and Steel Company Limited (the "Old Company") situated midway between Workington and Harrington, began in 1871. This document is the share prospectus of the "New Company", established in 1888.