

**PRIVATE COMPANIES, THEIR
FORMATION AND ADVANTAGES; OR,
HOW TO CONVERT YOUR BUSINESS
INTO A PRIVATE COMPANY, AND THE
BENEFIT OF SO DOING**

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Private Companies, Their Formation and Advantages; Or, How to Convert Your Business Into a private company, and the benefit of so doing by Francis B. Palmer

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FRANCIS B. PALMER

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PRIVATE COMPANIES,

Their Formation and Advantages;

OR,

HOW TO CONVERT YOUR BUSINESS INTO A PRIVATE
COMPANY, AND THE BENEFIT OF SO DOING.

WITH NOTES ON "SINGLE SHIP COMPANIES."

BY

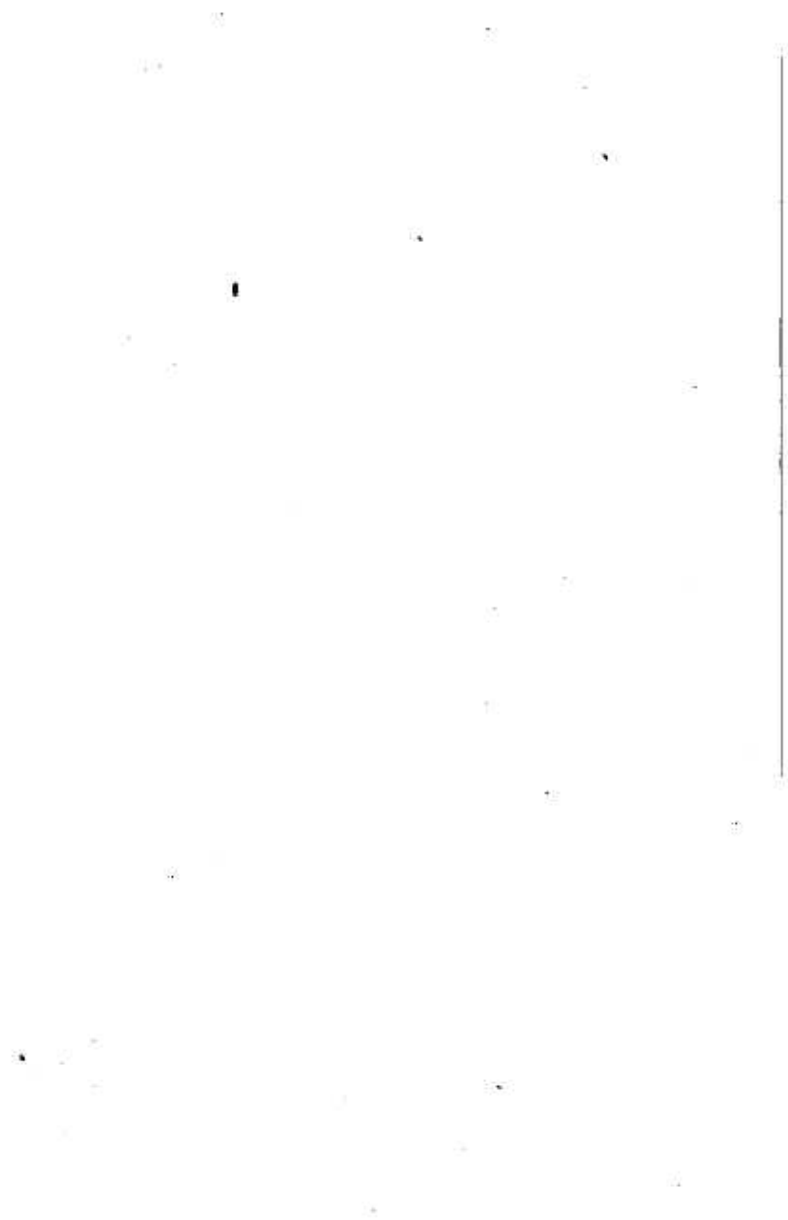
FRANCIS B. PALMER,

OF THE INNER TEMPLE, ESQ., BARRISTER-AT-LAW, AUTHOR OF
"COMPANY PRECEDENTS."

THIRD EDITION.



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1881.



PREFACE TO THIRD EDITION.

THE conversion, under the Companies Acts, 1862 and 1867, of business concerns into private companies, *i.e.*, companies started without any appeal to the public for capital, is making rapid progress on all sides.

Indeed, so great are the inducements to such conversions that now scarcely a week passes without the occurrence of several cases. The process has been adopted with success, both in regard to large and to small concerns, to concerns belonging to individuals, and to those belonging to firms.*

Moreover, the possibility that it may at some future time be expedient to convert a concern into a private company now not unfrequently induces persons about to enter into, or already in, partnership to adopt articles so framed that the concern may at any time be converted into a private

* The following are a few of the many cases which might be mentioned in which well-known and important concerns have been converted into private companies:—

1. Sir Elkanah Armitage and Sons, Limited, cotton spinners, &c. Capital £300,000. Converted in 1881.
2. Bass, Ratcliff and Gretton, Limited, brewers, of Burton-on-Trent. Capital £2,000,000. Converted in 1881.
3. Greenall, Whitley and Company, Limited, the well-known Lancashire brewers. Capital £700,000. Converted in 1880.
4. Sir Titus Salt, Bart., Sons and Company, Limited, cotton spinners, of Saltaire. Capital £750,000. Converted in 1881.
5. Siemens Brothers, Limited, telegraph engineers, &c. Capital £400,000. Converted in 1881.
6. Pickering, Phipps and Company, Limited, brewers, of Northampton. Capital £500,000. Converted in 1881.

company by registration under Part VII of the Act of 1862.

In these circumstances the author believes that information as to the inducements which commonly lead to conversion, and the mode in which it is generally effected, will be acceptable to persons engaged in trade and to others.

The object of the following pages is to give that information in a concise and intelligible form.

FRANCIS B. PALMER.

5, NEW SQUARE, LINCOLN'S INN,
November, 1881.

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PRIVATE COMPANIES, THEIR FORMATION AND ADVANTAGES.

CHAPTER I

THE INDUCEMENTS TO CONVERSION.

To convert a business into a company is a phrase very commonly used to describe concisely an arrangement which involves the formation of a company under the Companies Acts, 1862 and 1867,* for the purpose of acquiring and carrying on an *existing* business, and the transfer to such company of the business with its assets and liabilities. Whether the business belongs to an individual or to a firm makes no difference: in either case the arrangement is, in common parlance, termed the conversion of the business into a company.

A business may be converted into either a *public* or a *private* company.

All companies registered under the Act of 1862 are in contemplation of law public companies, but in common parlance they are divided into—

- (1) Public, *i.e.*, companies intended to be carried on with capital which is to be obtained by an appeal to the public, namely by issuing prospectuses, circulars, or advertisements, inviting applications for shares.

* 25 & 28 Vict. c. 89, and 30 & 31 Vict. c. 131.