

CHARLESWORTH'S COMPANY LAW, 8th Ed. By T. E. Cain. [London:
Stevens. 1965. xliv + 432 + 10 (index) pp. 18s. 6d.]

The book, first published in 1932, has since then gone through eight editions, the last two being by the present editor, Mr. T. E. Cain. It has been brought up to date in the matter of cases and statutes and the necessary rearrangement and rewriting undertaken in the 7th edition has been completed with the eighth. (Pref. v) In the absence of a copy of the first or any of the subsequent editions by the original author or of the preface to the first or to any of the author's later editions it is not possible to say whether and if so to what extent the revision of the text has made any fundamental changes in the original text or its order of arrangement. It is only fair to assume that the revision had become necessary if the utility of the book was to be maintained and its popularity enhanced. The book has been published

for the 13th time and this may speak, in some measure, of the popularity of the book with the law, accountancy and secretarial students for whom it had been first written and later edited time and again. Some of the important features of the book are: first, the inclusion in the last chapter of the main recommendations of the Jenkins' Company Law Committee Report presented to Parliament in 1962 (Ch. 32 pp. 409-432); secondly, putting the law, stated to have been laid down in quite a large number of leading cases referred to in the book, in its proper perspective by including a statement of the relevant facts in those cases; and thirdly, briefly summarising at the end of the chapter 25 some of the relevant matters dealt with therein and at intervals in Chapter 26 the important of the matters explained therein. Some of the drawbacks are: first, the absence of a separate and detailed introductory chapter; secondly, failure to furnish basic material in most of the chapters dealing with important topics with a view to relating the subject matter of the chapters concerned to the subject as a whole; and thirdly, sacrificing utility and clarity at the altar of brevity.

Divided into 32 chapters and covering 488 pages (432 text 56 tables of cases statutes and index) the book deals with every important topic on the subject but with some rather briefly (e.g. Lifting the veil of incorporation p. 12; Promoters pp. 52-56; Borrowing & Exchange Control p. 90; Holding and subsidiary companies p. 103; unit trusts pp. 406-408). The first chapter deals with the history of the registered company and explains what is a registered company, how it is formed, what is the effect of registration, what are the various kinds of registered companies etc. It is taken for granted that the reader knows what the word 'company' means and how a company differs from numerous other forms of associations such as partnerships, corporations, quasi corporations, statutory, chartered, registered trading, regulated, joint-stock, unregistered companies etc. Of course, most of these words or terms are talked about but either in too technical language or in the last few chapters of the book (Ch. 28, 29, 30 pp. 394-405). For a students' text book on the subject, an introductory chapter, explaining the meanings, in their historical and economic context, of the various words or terms used for various kinds of associations of persons, the evolution of this branch of law through various stages and giving in an intelligible manner the main contents of the book with their inter-relationship, is a must, and this all must be in a language intelligible not to a lawyer but to a law student.

Chapters 2, 3, 4, and 5 respectively deal with the topics of Memorandum of Association, Articles of Association, Promoters and Contracts. The law relating to them has been stated clearly and concisely under suitable heads and sub-heads and its application illustrated by reference to facts of and decisions in appropriate leading cases as also, by means of cross references, whether any changes have been recommended by the Jenkins' committee. However some topics have been dealt with too briefly. For example, while at the doctrine of ultravires p. 30 the student would like to know how acts ultravires, the memorandum, the articles and the directors, differ one from the other in their effects upon the parties concerned viz. the company, the third parties and the Directors. The doctrine of subrogation alluded to indirectly on page 32 should have been mentioned specifically in the body of the book as well as in the index and dealt with in some detail. [The word 'substratum' too though mentioned in the book p. 33 does not find a place in the Index] [Reference no. 20 on page is unintelligible and reference to the case *Re Jon Beauforte (London) Ltd.* on p. 32 by reference to p. 31 unhelpful. The latter also does not find a place in the table of cases]. Similarly too, the topics of Promoters — Meaning and position (pp. 52-53) and Preincorporation contracts (pp. 57-58) deserved a little more detailed treatment. Chapter VI (pp. 61-83) deals at length with the subject of Prospectuses and states and explains the provisions of the law in a concise and lucid manner interspersing the same, when dealing with important topics, with suitable leading cases. The number of cases dealt with, however, is too small and could hardly give the student a firm grasp of the law on the topic "Misrepresentation and Omission." (pp. 74-81) Chapters VII and VIII (pp. 84-90, & 91-98) deal with the subjects of "Commissions and Discounts" and "allotment and commencement of business." It is doubtful if treating some of the topics in separate chapters has really been worthwhile.

Chapter IX (pp. 100-118) deals with the subject of membership but in the absence of a suitable explanatory paragraph showing to what extent, if any or at all, the two terms, member and shareholder *vis-a-vis* a company are synonymous, the

subject matter becomes hard to understand from the very start. The same holds good for the next chapter number 10 (pp. 119-141) dealing with the subject of share capital. On page 99 appear the following sentences: "The members of a company limited by shares are the shareholders." "The members consist of: The subscribers of the memorandum." "If, however, the entire share capital has been allotted to others, the subscriber is under no liability to take shares." Thus there can be a member without being a shareholder and there can be shareholders without being members as in the case of holders of share warrants sometimes. Similarly no effort has been made to explain the concept of capital in relation to individual traders, partnerships, *vis-a-vis* companies limited by shares nor to explain the various kinds of share capital viz. nominal, authorized, issued, subscribed, paid up, unpaid, reserve, uncalled, etc.

Chapter 11 (pp. 142-171) dealing with the subject of shares does not give any helpful introduction and thus makes the subject hard to understand but otherwise deals with the subject in all its aspects. Chapter 12 (pp. 172-206) happily gives a clear and concise statement of the law on the subject of Directors and that in an intelligible and interesting manner. The author has tried to bring out within a compass of 10 pages the position and duties of Directors. The number of cases dealt with in some detail to elucidate the principles of law propounded on the subject of Directors' Duties and Powers is, however, not adequate. Except for an explanatory paragraph missing in the first among the chapters 23-26 dealing with the subject of winding up, the subject has been dealt with in detail and satisfactorily. However Chapter 27 (pp. 382-393) dealing with the important topic of "Reconstruction and Amalgamation" in part also deals with the subject of "Arrangements and Compromises" but in doing that unfortunately does not put any of the topics considered in their proper perspective *vis-a-vis* one another or other parts of the subject nor makes use of adequate case law to elucidate and illustrate the relevant provisions of the law.

By and large, except for the fact that they have been dealt with at the end chapters numbers 21 (pp. 307-313) 28 (pp. 394-396) 29 (pp. 397-400) and 30 (pp. 401-405) dealing with Private companies, Registered companies and Partnerships contrasted, companies incorporated outside Great Britain and Statutory and Chartered companies deal with their respective matters adequately for purposes of the various classes of students for whom the book is meant. So do the remaining chapters number 13 (pp. 207-209) 14 (pp. 210-230) 15 (pp. 231-240) 16 (pp. 241-245) 17 (pp. 246-263) 18 (pp. 264-272) 19 (pp. 273-276) 20 (pp. 277-306) 31 (pp. 406-408) dealing with the topics of The Secretary, General Meetings, Dividends, Taxation, Accounts, Auditors, Inspection, Debentures, and Unit Trust give clear and concise statement of the law on their respective topics but some suffer from the drawback that they are too brief (e.g. Ch. 13, 16, 19, 31) and others because their subject matter is introduced abruptly without any effort being made in the beginning of the chapter to place the topic in its proper perspective in relation to the subject as a whole (Ch. 14, 16, 18, 19, 20, 31).

In your reviewer's judgment the introduction of chapters on taxation, Unit Trusts and the Jenkins' Committee Report at the cost of detailed treatment of more essential topics has greatly detracted from the value of the book. Inclusion of a table of abbreviations used in reference to cases cited and references of periodical literature on important topics should enhance the value of the book. Also an increase in the number of cases dealt with in detail within the body of the book in elucidation and illustration of the important rules of law will make the book more readable and useful. Printing in thick type, both in the table of cases as well as in the reference notes in the body of the book, of cases added since the earlier edition, would facilitate looking up of the latest case law on different topics. In short the book in its present form is a student's text book on the subject but in parts only, in parts it is more of a help book than a text book.