

NORMAN MANLEY LAW SCHOOL  
Council of Legal Education

LEGAL EDUCATION CERTIFICATE  
SECOND YEAR SUPPLEMENTARY EXAMINATIONS, 1982

LAW OF ASSOCIATIONS  
Wednesday, August 18, 1982

Instructions to Students

- a) Time: 3½ hours.
- b) Answer FIVE questions only.
- c) Except where otherwise instructed on the paper, in answering any question a candidate may reply by reference to the Law of any Commonwealth Caribbean territory, but must state at the beginning of the answer the name of the relevant territory.
- d) Unless otherwise stated, answers should be given on the basis that the forms of Articles of Association set out in Table "A" of the Companies Act of the relevant territory selected at "c" above are applicable where necessary.
- e) It is unnecessary to transcribe the questions you attempt.

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QUESTION 1

The Tigers Recreational Club wishes to know the relative advantages or disadvantages of incorporation under the various Acts. Advise them.

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QUESTION 2

Mary Brown seeks your advice on the following:

(a) On 1st March, 1982 she gave Tom Jones a cheque for \$10,000 to invest in his company Bestad Ltd.; he had promised her 40% of the shares of the company but she had never received any share certificate and every time she asked him about her shares he merely promised to regularise matters.

(b) Since the registration of Bestad Ltd. on 1st October, 1980, no meeting of any kind has been held; although the company has made considerable profits, no dividend has been declared or accounts presented. The company's letterhead describes Tom Jones as Chairman/Managing Director, his brother Mark as Director, and Mary Brown as Director/Secretary.

(c) On 21st April, 1982, Tom had given her two debentures to be signed by her as Director/Secretary and to be registered. Both debentures contained a floating charge on the company's property, one in his favour dated 1st April, 1982 to secure a loan of \$80,000 and the other in her favour dated 21st April, 1982 to secure a loan of \$10,000. She had not yet signed or registered any of them.

(d) She had received a letter from Goode & Goode, Attorneys-at-Law, threatening to wind up the company if they were not paid their fees of \$1,000 for formation expenses. She knows that the liabilities of the company amount to approximately \$100,000 and the only assets the company owns are office equipment and a 1982 Mercedes Benz 450 SE.

(e) She has recently found two letters in Tom Jones' desk, one a copy dated 29th January, 1982 addressed to a rival advertising company and signed by him as Managing Director offering to sell the whole of the company's undertaking for \$80,000 and the other dated 1st April from the rival firm accepting the offer.

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QUESTION 3

Outline the main provisions of the Rules of the Supreme Court (U.K.) (The White Book) and the relevant domestic Rules as they relate to companies.

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QUESTION 4

Harry Bowes, a client of Trust Corp. Ltd., received a circular letter from Trust Corp. Ltd., marked "Private and Confidential", inviting him to invest in a public corporation, Better Houses Ltd. Andrew Perry, his associate, who lives at 6 Georges Street, Savanna-la-mar, Westmoreland, received through the post a pamphlet addressed to the "Occupant of 6 Georges Street, Savanna-la-mar" inviting him to purchase shares in Agros Ltd., a private company formed to cultivate black beans on an extensive scale in Westmoreland.

After a full discussion of both invitations between the associates, Harry sent his cheque for \$10,000 to Agros Ltd. and Andrew sent his for \$30,000 to Better Houses Ltd. They both received receipts from the companies dated 10th April and 1st May, 1982 respectively.

- (a) Advise Harry Bowes on his legal position.
  - (b) Advise Earl Thomas, the Managing director of Agros Ltd.; he informs you that he has sent out 3,000 pamphlets.
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QUESTION 5

Your client, Lloyd Gayle has handed you a letter from his estranged wife's attorneys for your advice. The body of the letter reads:

" Re: Mathom Ltd.

We act on behalf of your wife, Mrs. Sheila Gayle.

Our instructions are that our client and you are the signatories of the Memorandum and Articles of Association of the abovenamed company for one share each; that at the first Directors' meeting you were both appointed Directors, you, Managing Director, and our client, secretary; the remainder of the 998 shares were allotted to my client; that since 1st January, 1982, you have not called any Directors' meeting; you have removed the company's bank account to a new bank and have dismissed our client as secretary. Further, our client has just discovered that in December 1981 you purchased a villa on the North Coast. She wishes a full account of all the monies of the company received by you, particularly as she knows that you have no other source of income.

We are hereby inviting you to discussions with a view to an amicable settlement of the matter."

Advise him.

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QUESTION 6

Advise Stanley Dale, the secretary of the Blue Mahoe Club on the following situations:

- (a) the club's landlord is threatening to take legal proceedings against the club for non-payment of arrears of rent;
  - (b) the President wishes Stanley and himself to guarantee a loan from the bank to finance a bingo party for the club;
  - (c) he was injured when his chair was knocked over in a fracas at the last annual general meeting;
  - (d) he wishes to have Terry Hilton, who started the fracas, expelled from the club;
  - (e) he is being sued by the Rovers Cricket Club for six months arrears of subscription by him to that club.
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QUESTION 7

Paul Kessler and Donald Tibbs on 1st May, 1981, took over the firm of Coats and Hangers, a firm of furnishers. Tom Coats, one of the original partners, died on 30th April, 1981 and the other original partner, Bill Hangers, retired on 1st February, 1982. Advise Kessler and Tibbs on the following situations:

- (a) Clothiers Ltd., which for the past three years has been and is still giving the firm ninety day credit is now pressing for payment of goods ordered by the firm in May 1980;
- (b) in January 1982, Bob Drew, an associate, had without the knowledge of any of the partners supplied all the costumes for a pantomime on an 80:20 profit/loss basis between the producers and the firm. The pantomime was a flop and the producers are demanding that the firm pays 20% of the loss;
- (c) a judgment for \$1000 entered on 4th January, 1982 against Bill Hangers for cloth ordered by him for the firm is still unsatisfied;
- (d) they wish to sue clients for work done and material supplied amounting to \$10,000;
- (e) Bill Hangers had, without their consent, assigned his interest in the partnership to Barry Gold who is demanding an inspection of the firm's accounts.

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QUESTION 8

Advise the recently appointed liquidator of Pomar Ltd. on the following situations:

- (a) the bailiff has this morning levied on the company's property to satisfy a judgment entered in January 1982;
  - (b) he has an offer from a rival company to purchase the whole of Pomar's undertaking, the purchase price to be paid for in shares of the rival company;
  - (c) he has received letters from the following persons:
    - (i) Tom Harry who was injured when he fell in a hole on the company's premises and is threatening suit;
    - (ii) the receiver appointed recently by the Jamaica Development Bank.
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