

NORMAN MANLEY LAW SCHOOL  
Council of Legal Education

FOR REFERENCE ONLY

LEGAL EDUCATION CERTIFICATE  
SECOND YEAR EXAMINATIONS 1980

LAW OF ASSOCIATIONS

Tuesday, May 27, 1980

Instructions to Students

- a) Time: 3½ hours
- b) Answer FIVE questions only.
- c) In answering any question a candidate may reply by reference to the Law of Jamaica, the Bahamas, or Belize, but must state at the beginning of the answer the name of the relevant territory.
- d) Students are expected to answer questions, where necessary, by reference to Table A of the Jamaica Companies Act, 1965, or of the U.K. Companies Act, 1948.
- e) It is unnecessary to transcribe the questions you attempt.

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QUESTION 1

Bogle, Clarke, Marcus and Company are builders of long standing. On 1st December 1979, 1st February 1980 and 1st May 1980, Mr. Bolan, Mr. Taylor and Mr. Grant respectively replaced Mr. Bogle who retired on 30th November 1979, Mr. Clarke who died on 31st January 1980 and Mr. Marcus who retired on 30th April 1980.

Mr. Grant seeks your advice on the following matters.

- (a) The firm is being sued for damages by the owner of a house built by the firm in 1978.
- (b) The executor of the Estate of Mr. Clarke is insisting that Tim Clarke, Jnr., joins the firm.
- (c) Ace Hardware Ltd., which has been giving the firm six-month credit terms, threatens to sue the firm for building blocks supplied in 1976 at the request of Mr. Bogle.

- (d) Mr. Bogle who had been paid \$100,000 on his retirement, is now broke, has opened a rival business and has been sending circulars to the firm's customers.
  
- (e) Mr. Cole, the guarantor of Mr. Taylor's overdraft on the security of Mr. Taylor's share of the profits, is challenging the accuracy of the firm's 1979 Balance Sheet and is demanding that the firm abandon a housing project in Beverly Hills which he contends is bound to fail as Taylor, the firm's engineer, now spends most of his time in Miami.

Advise Mr. Grant.

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QUESTION 2

The employees of Paten Ltd. wish to form an association. Advise them.

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QUESTION 3

Astrid Ltd. is in liquidation; advise Mary Jane and Mr. Harris on the following points:

- (a) Mary Jane is owed \$2,000 for secretarial work; she has at home an expensive typewriter belonging to the company and wishes to keep it in satisfaction of the debt.
  
  - (b) Mr. Harris settled an action against the company some three months ago but to date has not received a cent; he now wants you to issue a Writ of Seizure & Sale against the company.
  
  - (c) Mr. Harris also states that he understands that the Liquidator is a close friend of the controlling shareholder and is not conducting the liquidation properly; he wants something done about it immediately.
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QUESTION 4

On 1st January 1980, David Bentley formed Wavel Ltd. with a nominal share capital of \$200,000 to exploit his brother's invention for converting marine energy into electricity, having bought the patent from his brother for \$15,000. David is the sole director of the company and issues 180 of the shares to himself, 10 to John his brother, 10 to Mary his wife. David sells the patent to the company for \$100,000.

In order to raise \$200,000 to buy machinery for the company, he did the following:

- 1) In December 1979 he sent a circular to 50 of his friends inviting them to invest \$200 each in the company.
- 2) In January 1980, he promised Nona, his sister, 25% of the shares as consideration for her contribution of \$10,000.
- 3) In April, 1980, he placed a full page advertisement in the Evening News inviting "working class people to deposit sums of \$20 with the company".

Advise any THREE of the following persons who have come to see you.

- (a) Charles Brown, David's friend, who has a receipt dated 25th December 1979 for \$200 sent to David as a result of the circular.
  - (b) Nona Bentley who on 30th January 1980 had given David the \$10,000 he requested.
  - (c) Nat T. Reg who has a deposit receipt for \$20 sent to the company in answer to the advertisement.
  - (d) John, David's brother, who has just received a cheque for \$15,010 with a note stating that it was payment for the patent and his shares in the company; John says that he has learnt that David on behalf of the company had sold the patent to the Jamaica Public Service Company Ltd., for \$500,000.
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QUESTION 5

Outline the procedural steps or rules as regards any THREE of the following:-

- (a) Actions by or against a partnership.
  - (b) Actions by or against an unincorporated club.
  - (c) Members Voluntary Winding-up.
  - (d) Issue of bonus debentures.
  - (e) A Section 196 Petition.
  - (f) Increase of Share Capital.
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QUESTION 6

Advise Jim Nevers, President of the Rovers Cricket Club on the following matters:-

- (a) The Club's landlord is threatening legal proceedings for one year's arrears of rent;
  - (b) Jim had advanced \$200 out of his own pocket to pay for a visit of the Club's team to Port Antonio;
  - (c) Jim had summarily expelled Tom Strokes for hitting Mark Hunt, the umpire, over the head with his bat in a fit of temper after he was given out for a duck;
  - (d) Morris Gooden, while fielding at short leg, broke his arm when he stumbled into a hole in the outfield as he took a brilliant catch and is threatening legal action;
  - (e) Jim wishes to pay \$300 out of the Club's funds towards the medical expenses of both Mr. Hunt and Mr. Gooden.
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QUESTION 7

Pan J. Finance Ltd. lent Terset Ltd. the sum of \$1,000,000 to finance:

- (i) the cultivation of coffee in Manchester;
- (ii) the repair and construction of a network of rural roads in the same parish.

Mr. James the manager of Pan J. Finance Ltd. has brought you the following documents for your advice on the transaction:

- (a) The loan agreement signed by Mr. Bell, the Managing Director of Terset Ltd.
- (b) Copies of the Memorandum and Articles of Association from which you observe that Terset Ltd. is merely a construction company with an authorized capital of \$200,000.
- (c) A Debenture confirming a floating charge on all the assets of Terset Ltd. signed by Mr. Bell.
- (d) A Debenture with a fixed charge on 50 acres of land under cultivation of coffee as a security for \$500,000; this is signed by two Directors of Terset Ltd.
- (e) A Bill of Sale on two Traxcavators as security for \$100,000; this is signed by a Director and by the Assistant Manager of Terset Ltd.
- (f) A cutting from today's newspaper advertising the appointment of a Receiver and Manager of Terset Ltd. by the Bank of Manchester.

Advise Mr. James.

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QUESTION 8

Advise Charles Gordon who wants immediate action on the following matters:

- (a) he wishes to pay off the preferential shareholders in his company;
  - (b) as natural gas has been discovered on his company's estate in Westmoreland, the value of the estate has been increased ten times the value on the company's books; accordingly he wishes to pay a dividend to the other shareholders as an encouragement and to allay their anxiety that no dividend has been declared over the past seven years;
  - (c) the sole director of another company in which Charles has 5% of the shares has sold a 1980 motor car, the property of the company, to his girl friend for \$300 without the knowledge of the other shareholders; although Charles has phoned him several times requesting a general meeting to discuss the matter, no meeting has as yet been summoned.
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