

dividend which it might declare, it was not competent for the company to declare such dividend free of income tax; as that would be declaring a dividend not only for the statutory rate, but for that rate plus the income tax which would be unwarranted, and therefore that the income tax paid by the company should be deducted from the dividend paid to the shareholders.

COMPANY — PROSPECTUS — NON-DISCLOSURE OF CONTRACTS IN —
DIRECTORS' LIABILITY — "KNOWINGLY ISSUED" — IGNORANCE —
COMPANIES ACT 1897, (30 & 31 VICT. c. 131), s. 38 — (2
EDW. VII. c. 15, s. 34(D.)).

Tait v. MacLéay (1904), 2 Ch. 631, was an action brought against a director of a company to recover damages for the non-disclosure in a prospectus of the company of certain contracts which by s. 38 of the Companies Act (2 Edw. VII. c. 15, s. 34(D.)), were required to be disclosed. The defendant set up that he had forgotten the contract in question; but it appeared that at the meeting of directors at which the prospectus was approved, the minutes of the various meetings at which the contract was considered were read and confirmed in his presence and he had himself approved the contract; and he had a general knowledge of the existence of contracts which might fall within the section, but made no inquiry into them, but accepted the assurance of the company's solicitor that the prospectus disclosed all the contracts which the section required to be disclosed. Kekewich, J., held under these circumstances he must be taken to have "knowingly issued" the prospectus and was liable for the omission, and the Court of Appeal (Williams, Romer and Cozens-Hardy, L.JJ.) agreed with him. See *Hoole v. Speak*, *infra*.

EXECUTOR — DUTY OF EXECUTOR TO GIVE NOTICE OF LEGACY — CON-
DITIONAL GIFT — EXECUTOR ENTITLED ON BREACH OF CONDI-
TION — ESTOPPEL.

In re Lewis, *Lewis v. Lewis* (1904), 2 Ch. 656, the question is discussed as to how far, if at all, an executor is bound to give notice of a legacy to the legatee. In this case the matter was further complicated by the fact that the legacy in question was given on condition, and the executor himself was beneficially entitled in the event of the legatee failing to perform the condition; and there was the further circumstance that the executor had furnished the legatee with some information about the legacy and had offered to purchase the property bequeathed, but had said nothing about the condition. Pending the negotiations the legatee died, having failed to perform the condition. By the terms of the will in question the testatrix appointed her son Edward her executor and bequeathed a leasehold house to her son