

COMPANY—DIRECTORS—MISAPPLICATION OF MONEYS OF COMPANY—BREACH OF TRUST—STATUTE OF LIMITATIONS—TRUSTEE ACT, 1888 (51 & 52 VICT., c. 59—(54 VICT., c. 19 (O.)).

*In re Lands Allotment Co.*, (1894) 1 Ch. 616, is another decision under the Trustee Act, 1888 (51 & 52 Vict., c. 59)—(54 Vict., c. 19 (O.)), in which the Court of Appeal (Lindley, Kay, and Smith, L.JJ.) held that the directors of a company sued for misapplication of the moneys of the company were entitled to the benefit of the Act. The facts as to one branch of the case were that the directors of the Lands Allotment Company which had no power to invest in the shares of other companies in March, 1885, accepted £35,000 of fully paid-up shares in another company in discharge of a debt. These shares were subsequently referred to in the balance sheets as "assets; by B. S. Company," and the item was explained by the chairman at the general meeting in 1885 to mean that it represented the amount due by B. S. Company for an estate purchased from the Lands Allotment Co. The same item was repeated in successive balance sheets till 1889. The shares in the B. S. Company were accepted without any fraudulent intent, and the Court of Appeal (affirming Wright, J.) held that even if the acceptance of the shares was a breach of trust the directors were protected by the Statute of Limitations, and that there had been no fraudulent concealment on their part, notwithstanding the false statement of the chairman to prevent the time running. Another branch of the case arose on the following facts: In July, 1889, the directors of the Lands Allotment Co. passed a resolution to invest a further sum of £5,200 in more paid-up shares of the B. S. Company. Two directors, Brock and Theobald, were not present at this meeting, but they were present at the next meeting, at which the minutes of the previous meeting were read and confirmed. Brock was in the chair and signed the minutes. Brock was also in the chair at the general meeting, and referred to the new investment, and, speaking on behalf of the directors, said: "We carefully considered the matter, and deemed it advisable to accept the right of subscription, and have no reason to regret our decision." On this part of the case the Court of Appeal were unable to agree with Wright, J., who had exonerated both Brock and Theobald from liability, the Court of Appeal being of opinion that although the attendance at the meeting at which the minutes