

ship and in a certain agreement of the 7th January, 1918. With McMurchy went Fillis, Irving, and Lorimer, and at Eastwood's office a discussion arose as to the manner in which the transaction should be carried out.

The learned Judge found as a fact that before the 5th July, 1918, McMurchy had thoroughly satisfied himself as to the details of the business, the assets and liabilities of the partnership, and had had a statement of the latter laid before him on a previous day.

An agreement was made on that day, to which the plaintiff company, Fillis and Irving, and McMurchy were parties. This agreement was ratified by the shareholders of the company, all of them being then present in Eastwood's office. No entry of the transactions was made in the minute-book of the company. Minutes of meetings are not, however, the only admissible evidence of what took place at them: a transaction may be established as against a company, although there is no record of it in the minutes: *In re Pyle Works*, [1891] 1 Ch. 173, 184. By the agreement then made, the company assumed the trade-liabilities of the firm.

There was no evidence that the meeting was irregularly held. The shareholders of a company, assembled in general meeting, constitute the supreme forum of the company in everything that relates to internal matters; and if, by unanimous resolution, the shareholders choose to ignore the company's by-laws or waive the provisions contained in them, they may do so, and the acquiescing shareholders cannot afterwards complain of an irregularity to which they consented.

The bill of sale was executed by Fillis and Irving on the same day. It contained no exception as to trade-liabilities, and contained the usual covenant against hindrance, interruption, molestation, and indemnity against former sales, charges, and incumbrances. The trade-debts of the partnership did not come within this covenant.

Eastwood said that a provision as to the debts of the partnership being assumed by the company was omitted from the bill of sale by error and mutual mistake. He was corroborated in this by Fillis, Irving, and Lorimer. The pleadings should be amended by inserting a claim for rectification of the covenant.

All the claims against the defendants other than Lorimer, with the exception of the claim for payment of stock subscriptions and the claim against Eastwood for negligence and that in respect of secret profits, were trade-debts, which the plaintiff company agreed to assume and pay. These claims were paid in the first instance by McMurchy and were subsequently reimbursed by the plaintiff company.

The action in respect of trade-liabilities therefore failed.