

Transvaal Lands Co v New Belgium (Transvaal) Lands & Development CO [1914] 2 Ch 488

<https://lawcasesummaries.com/knowledge-base/transvaal-lands-co-v-new-belgium-transvaal-lands-development-co-1914-2-ch-488/>

Facts

- Transvaal Lands Co (**Transvaal**) was a company which was also involved with New Belgium.
- Two of Transvaal's directors, Samuel and Harvey, were also shareholders of New Belgium. Samuel was also a director of New Belgium.
- Samuel and Harvey convinced Transvaal's other directors to agree to have Transvaal purchase some property from New Belgium. They did not disclose their interest in New Belgium to the other directors, or the benefits which they would gain from that purchase.

Issues

- Did Samuel and Harvey breach their duties to avoid conflicts of interest?

Held

- The Court of Appeal held that Samuel and Harvey had breached their duties to avoid a conflict of interest.
- The directors should have disclosed their interest in New Belgium prior to the purchase. The purchase transaction was rescinded by Transvaal.

Quotes

"...a director of a company is precluded from dealing, on behalf of the company with himself, and from entering into engagements in which he has a personal interest conflicting, or which possibly may conflict, with the interests of those whom he is bound by fiduciary duty to protect..."

(Astbury J)

Law case summary from www.lawcasesummaries.com