

PRINCIPLES OF COMPANY LAW. BY H.A.J. FORD. (5th Edition). [Sydney: Butterworths. 1990. cviii + 932 pp. \$132.75.]

THIS is the fifth edition of the well-known Australian work on company law. It is only some four years since the previous edition and this practice is to be praised since the common practice of some writers to update their books every ten years or so has meant that rapid developments in the law result in a textbook that ages very quickly.

The index of the book has been much improved from the fourth edition. Some instances of this, based on a quick glance through parts of the index, are as follows

– there are headings now covering subordinated debts, stop orders and stop notices. In addition, the portion on subsidiary company has been re-organised.

There is a specific heading in the index on joint ventures. This acknowledges the importance of this form of commercial vehicle on the Australian corporate scene. This is in contrast to the English textbooks which do not refer to it. In Singapore, the recent case of *Haw Par v. Jack Chia* [1991] 2 M.L.J. 428 has highlighted some of the problems inherent in the use of such a vehicle (also see Tan, “For Better or for Worse – Joint Venture Companies” [1992] 1 M.L.J. xvii).

Ford does not ignore the international corporate law scene. For instance, there is a discussion of the West German two-tier system of management starting on page 591. Basically, the day-to-day management of a company is in the hands of a board of management, while this board is controlled by a board of supervision. The board of supervision is elected by shareholders and consists of persons who cannot be members of the board of management or salaried executives of the company. Supporters of this system claim that having persons sit on a different board from the executive directors allows better supervision over the day-to-day managers of the company than the usual system of having executive and non-executive directors sit on the same board, which is used in the United Kingdom and other Commonwealth countries.

Another important difference between Australian company law and a foreign system is referred to by Ford on page 404 where the United States system of cumulative voting for the election of directors is discussed. Under this system, each member of the company is given votes equal to the total number of shares held by him multiplied by the number of vacancies on the board. These votes may all be cast for one candidate or spread out and cast in support of several candidates. Supporters of this system claim that the directors elected are more responsive to the views of the minority. This is supposedly in contrast to the British and Commonwealth systems, where a shareholder with more than 50 per cent of the shares is able to elect the whole board of directors and is thus argued to be more insensitive to minority interests.

One area that does not seem to create much of a problem in Australia but is a source of some concern to local practitioners is the interaction between the ultra vires doctrine and apparent authority. Although Woon deals with the problem in his book, *Company Law* (1988), there remains a great deal of controversy in this area. A possible explanation for the lack of coverage in this area in “Ford” is that many Australian companies do not bother to state their objects in the Memorandum since s.37(1A) of the 1981 Australian Companies Act makes the presence of objects clauses optional.

Recent changes in the law are covered but a recent landmark case seems not to be covered in the book. This could be due to the late timing of the report, but the exact reason for the omission cannot be easily ascertained since the date up to which the law is stated is not mentioned. The case I am referring to is *Northside Developments Pty. Ltd. v. Registrar-General* (1990) 93 A.C.L.R. 385, which is a highly important case decided by the High Court of Australia on the indoor management rule.

All in all, “Ford” remains a highly useful book in supplementing the local company law textbooks.