



## Quiz

### Directors' Duties

1. What did the plaintiff company argue in *Invion Ltd v SGB Jones Pty Ltd & Ors* [2014] QSC 97?
  - a. Three directors breached director's duties by beneficially amending their employment contracts without the approval of the board
  - b. Directors breached ss 180-2 of the *Corporations Act 2001* (Cth)
  - c. The amendments to the remuneration contracts were a conflict of interest and constituted the directors making a profit from their position without fully informed consent
  - d. All of the above
2. What factors did de Jersey CJ take into account in finding that the directors had breached the relevant statutory duties?
  - a. The number of directors on the board
  - b. The professional qualifications of the other directors
  - c. The small size and vulnerable financial position of the company
  - d. All of the above

3. Why were the directors unable to claim their indemnity cover?
  - a. The deliberate breach of duty was excluded under the insurance contract
  - b. The insurance contract excluded coverage for claims against the company
  - c. The directors had not renewed their coverage
  - d. a. and b.
4. What implications does *Invision* have for directors and officers in smaller companies?
  - a. Statutory director's duties do not apply to small companies
  - b. Provide full information to the board and seek their approval whenever common sense demands it
  - c. Professional indemnity insurance contracts rarely cover directors/officers
  - d. Directors/officers rarely need to seek board approval
5. Should directors/officers with a conflict of interest in relation to a resolution participate in discussions or vote?
  - a. Yes – so long as they disclose the conflict
  - b. No – the resolution will be declared void if they participate in discussions or vote
  - c. Maybe – it will depend on the circumstances. It may be necessary for them to provide information for the board to make a decision in the best interests of the company OR the engagement of third party business/legal advice may remove concerns
  - d. Partly - directors/officers with a conflict of interest in relation to a resolution are able to participate in discussion but not vote

Answers:

1. d 2. c 3. a 4. b 5. c