

LEGAL VIEWPOINT

Turquand Case



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To what extent you are supposed to be aware of the internal affairs of the company you are dealing with, say in a big contract or other normal business transactions. This very delicate legal issue, has been discussed by the House of Lords in some cases.

The issue was first discussed in the Turquand case. The facts of this case reveal that, Turquand was the official liquidator of an insolvent company which gave a bond to a bank to secure the drawings on its current account. The bond signed by two directors, however, when the company was sued it alleged that under its articles of association, directors only had the power to borrow up to an amount authorized by a company resolution. In other words, the company as per its internal rules, is not responsible for the act taken by such directors. The Court of Exchequer Chamber, decided that the company is liable.

However, the rule in Turquand case was not accepted as being firmly entrenched in law until it was endorsed later by the House of Lords. Lord Hatherly phrased the law stating that, (When there are persons conducting the affairs of the company in a manner which appears to be perfectly consonant with the articles of association, those so dealing with them externally are not to be affected by irregularities which may take place in the internal management of the company).

So, where the company's articles provided that cheques should be signed by any two of the three named directors, the fact that the directors who had signed the cheques had never been properly appointed was held to be a matter of internal management, and the third parties who received those cheques were entitled to presume that the directors had been properly appointed, and cash the cheques.

According to the Turquand rule, each outsider contracting with a company in good faith is entitled to assume that the internal requirements and procedures have been complied with. The company will consequently be bound by the contract even if the internal requirements and procedures have not been complied with. The exceptions here are, if the outsider was aware of the fact that the internal requirements and procedures have not been complied with and acted in bad faith, or if the circumstances under which the contract was concluded on behalf of the company were suspicious.

However, it is sometimes possible for an outsider to ascertain whether an internal requirement or procedure has been complied with. If it is possible to ascertain this fact from the company's public documents, the doctrine of disclosure and the doctrine of constructive notice will apply and not the Turquand rule. The Turquand rule was formulated to keep an outsider's duty to inquire into the affairs of a company within reasonable bounds, but if the compliance or non-compliance with an internal requirement can be ascertained from the company's public documents, the doctrine of disclosure and the doctrine of constructive notice will apply.

If it is an internal requirement that a certain act should be approved by a special resolution, the Turquand rule will therefore not apply in relation to that specific act, since a special resolution is registered with Company Registrar and is deemed to be public information.

By implication, I feel that the ruling in this case raises the point that, when contracting with a company it would be better to go the extra mile to have general info about its internal regulations, or at least to go through the Articles of Association of the company.

(The views and opinions expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Daily Tribune)

# LuLu Financial Holdings opens 250th branch at Dubai Silicon Oasis

● The opening marked the 87th branch of LuLu Exchange in the UAE, and was followed by two more branch openings at Al Majaz and Maaza in Sharjah



LuLu Exchange - 250th branch opening

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The numbers speak volumes about the ambitious rise of Abu Dhabi based LuLu Financial Holdings (LFH) – a global leader in the financial services in-

dustry, which today opened its 250th global branch in Dubai's Silicon Central Mall.

The milestone branch, which adds to the company's growing network across the UAE and nine other nations,

was inaugurated by Dr Aman Puri, Consul General of India, in the presence of the holding company's Managing Director, Adeb Ahamed, and other senior management.

Congratulating the team on their achievement, Adeb

Ahamed said, "Today's opening is a celebration of the amazing journey we have had as a team, and the many opportunities we have converted to emerge as a trusted brand. As one of the leading players in the financial ser-

vices sector, not just in the UAE but also in our other markets, we have been credited for being attuned to the sector's needs. Our efforts to bridge the gap between our consumers and our various physical & digital touchpoints are a key part of our growth story, and the 250th branch is a mark of our determination and perseverance to disrupt the global payments ecosystem."

The opening of the milestone branch was followed by two more branch openings on the same day, at Al Majaz and Maaza regions of Sharjah in the UAE.

## Beyon Connect gets two key ISO certifications

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Beyon Connect has announced it has achieved two key ISO certifications - ISO 27001 for Information Security Management, and ISO 27018 for Information Security Management Systems.

ISO 27001 enables organizations to manage the security of assets such as financial information, intellectual

property, employee details or information entrusted by third parties. Personally identifiable information (PII) is becoming increasingly attractive to hackers and ISO 27018 helps cloud service and application providers such as Beyon Connect to implement controls that protect personal information in the cloud.

Dr Sushan Banerjee, Beyon Connect's Global Informa-



tion Security Officer, said,

"This certification provides us with the necessary competitive edge in the market to deliver our innovative products and services with internationally recognized security standards in place."

Ben King, Beyon Connect's Chief Operating Officer, said, "This achievement is yet an-

other key milestone for Beyon Connect, and we remain committed to investing in the management of information security and data protection in response to evolving secu-

rity threats. Furthermore, we have targets of achieving certifications from the leading European benchmarks and standards organisations, ETSI and CEN in the near future."

## NBB partners with training institutes for Evolve & e-Evolve

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The National Bank of Bahrain (NBB) partnered with a number of the Kingdom's top training institutes to receive support for its recently introduced summer training programmes, Evolve and e-Evolve.

As an initial step, the Bank signed agreements with the Bahrain Institute of Banking & Finance (BIBF), Injaz Bahrain, Bahrain FinTech Bay, EMIC Training Institute, Mada Translation and the Paramedics Academy, who provided ongoing support throughout the training period held during July and August 2022.

The e-Evolve Programme sessions were held virtually on NBB's virtual training



platform, while the Evolve Programme sessions were held at NBB Headquarters. The BIBF-led sessions were held at the institute's premises.

Dana Buheji, Group Chief Human Resources & Sustainability Officer at NBB, said: "Through the launch of Evolve, we have been able to partner with key organisations and

leading training institutes within the Kingdom, enabling us to nurture a new generation of talented individuals." Dr. Ahmed AlShaikh, Director at Bahrain Institute of Banking & Finance (BIBF), said: "Through our partnership, we aim to fulfil Bahrain's economic development goals as we enable a highly qualified Bahraini workforce."

## HSBC switches to recycled plastic payment cards

● The transition will reduce global CO2 emissions by 161 tonnes a year, and save 73 tonnes of plastic per year

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HSBC Bahrain has announced that it is the latest business in the Group's global programme to rollout sustainable payment cards and eliminate single-use PVC plastic by the end of 2026, in favour of recycled PVC plastic (rPVC).



Ali Khunji

The programme – which sees HSBC's debit, credit and commercial cards being made out of more sustainable rPVC - is part of the bank's strategy to reduce its carbon emissions and

achieve net zero in its operations and supply chain by 2030 or sooner.

Based on the current volume of cards issued by HSBC per year (23m), the move to rPVC will reduce CO2 emissions by 161 tonnes a year. This will also reduce plastic waste - 73 tonnes per year; the weight of over 40 cars.

Ali Khunji, Head of Wealth and Personal Banking and Global Private Banking in Bahrain, said: "The move to rPVC underpins HSBC's global and local ambition to build a thriving and resilient future, and is part of the bank's transition to be a net zero business."

### RAFIDAIN BANK BAHRAIN BRANCH

INTERIM STATEMENT OF FINANCIAL POSITION	Reviewed	Audited
	30 June 2022	31 December 2021
30 June 2022 (Reviewed)	BD	BD
<b>ASSETS</b>		
Cash and balances with the Central Bank of Bahrain	10,701,517	10,601,093
Investments	20,706,328	20,717,559
Amounts due from banks and financial institutions	14,584	2,826
Loans and advances	5,742	21,061
Amounts due from the Head Office and other branches	1,225,471	1,225,471
Other assets	276,193	249,400
<b>TOTAL ASSETS</b>	<b>32,929,835</b>	<b>32,817,410</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Amounts due to banks and financial institutions	65,191	73,218
Amounts due to the Head Office and other branches	5,225,232	5,205,446
Customers' deposits	4,368,968	4,717,170
Other liabilities	1,277,033	1,248,369
<b>Total liabilities</b>	<b>10,936,424</b>	<b>11,244,203</b>
<b>Equity</b>		
Head Office account	17,500,000	17,500,000
General reserve	243,043	243,043
Retained earnings	4,250,368	3,830,164
<b>Total equity</b>	<b>21,993,411</b>	<b>21,573,207</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>32,929,835</b>	<b>32,817,410</b>

INTERIM STATEMENT OF COMPREHENSIVE INCOME	Reviewed	Reviewed
	Six-months ended 30 June 2022	2021
Six-months ended 30 June 2022 (Reviewed)	BD	BD
Interest and similar income	534,199	394,118
Interest expense and similar charges	(3,593)	(4,340)
<b>Net interest and similar income</b>	<b>530,606</b>	<b>389,778</b>
Net gain on foreign currencies	990	575
Other income	2,470	10,940
<b>Total operating income</b>	<b>534,066</b>	<b>401,293</b>
Staff expenses	72,922	42,562
Other operating expenses	73,943	67,188
<b>Total operating expenses</b>	<b>146,865</b>	<b>109,750</b>
<b>Operating profit before provision for credit losses</b>	<b>387,201</b>	<b>291,543</b>
Reversal of / (provision for) expected credit losses - net	48,679	(47,993)
<b>NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>435,880</b>	<b>243,550</b>

INTERIM STATEMENT OF CASH FLOWS	Reviewed	Reviewed
	Six-months ended 30 June 2022	2021
Six-months ended 30 June 2022 (Reviewed)	BD	BD
<b>OPERATING ACTIVITIES</b>		
Net profit for the period	435,880	243,550
Adjustments for non-cash items:		
Depreciation on right-of-use assets	8,995	8,802
Depreciation on equipment	2,267	3,418
(Reversal of) / provision for expected credit losses - net	(48,679)	47,993
Operating profit before changes in operating assets and liabilities:	<b>398,463</b>	<b>303,763</b>
Mandatory reserve with the Central Bank of Bahrain	(4,000)	5,000
Investments	15,084	10,980
Loans and advances	60,193	(4,556)
Other assets	(37,426)	13,324
Amounts due to banks and financial institutions	(8,027)	(33,707)
Amounts due to the Head Office and other branches	19,786	(23,289)
Customers' deposits	(348,202)	(274,796)
Other liabilities	37,484	(5,127)
Net cash generated from / (used in) operating activities	<b>133,356</b>	<b>(8,408)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(629)	(53)
Rent paid against lease liabilities	(8,820)	(8,655)
Cash used in investing activities	<b>(9,449)</b>	<b>(8,708)</b>
<b>FINANCING ACTIVITIES</b>		
Amount remitted to the Head Office	(15,676)	(4,707)
Additional capital transferred from the Head Office	-	3,250,000
Net cash (used in) / from financing activities	<b>(15,676)</b>	<b>3,245,293</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>108,231</b>	<b>3,228,177</b>
Cash and cash equivalents at the beginning of the period	10,597,954	1,573,711
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>10,706,184</b>	<b>4,801,888</b>

Dr. Ahmed H Atshan  
General Manager

Ernst & Young  
Auditors