



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja
FACULTY OF LAW
DEPARTMENT OF COMMERCIAL LAW
2020_1 EXAMINATION

COURSE CODE: CLL 534

COURSE TITLE Company Law and Business Organisation 2

CREDIT UNITS: 4

INSTRUCTIONS:

- (a) Indicate your Matriculation Number clearly
- (b) Attempt Question one (1) and any other three questions – four (4) questions in all
- (c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.
- (d) Using appropriate statutory and judicial authorities, present all your points in coherent and orderly manner.

TIME ALLOWED: 3 Hours

QUESTION ONE

- (a) James John is interested in registering a company by name Emled Ltd. He does not want any shareholder to possess any special right and no member should be restricted on the extent to which he can share in the profit of the company.
 - (i) Advise him on the class or classes of shares to issue. **(10 Marks)**
 - (ii) Discuss the two main sources of capital available to James John to run Emled Ltd **(8 Marks)**
- (b) Emled Ltd was successfully registered last month. It has 5 preference shareholders and 5 ordinary shareholders. The preference shareholders are entitled to 10% of the dividends. If the company declares a dividend of N1m, the preference shareholders will get N100,000 while the ordinary shareholder will get N900,000 to share among themselves. Critically analyses the above relating it to the concept of participatory preference shareholding. **(7 Marks)**

QUESTION TWO

Section 151 of CAMA and the case of *Okoya vs. Santilli* (1994)4 NWLR (part 338) 256 are to the effect that shares are in the nature of personal property and are transferable in the manner allowed by the company's Articles of Association. Discuss. **(15 Marks)**

QUESTION THREE

- (a) Akpos Gaga was appointed a life director in ADIO Ltd when the company was established in 1990. Other members of the company are desirous of removing Akpos Gaga as life director. What are the procedures for achieving this purpose? **(5 Marks)**
- (b) ADIO Ltd has 5 directors. You have been invited to the Board of Directors' meeting next month to educate them on their duties. Advise them on their duties as directors. **(10 Marks)**

QUESTION FOUR

Ajas Plc has employed Timo Tutu as the secretary of the company. Timo Tutu has just obtained his LL.B degree. Ebuka Ike is objecting to the appointment of Timo Tutu on the point that Ebuka Ike was not qualified. Advise the parties and state the requirement to be a secretary of a company. Discuss the statutory duties of a company secretary in Nigeria. **(15 Marks)**

QUESTION FIVE

- (a) Discuss conditions under which a one man meetings is permissible in law? **(7 Marks)**
- (b) Ebuka Ike, a member of Lion Group Plc was not sent notice of the last AGM. Lion Group Plc claimed that his address was accidentally omitted in the course of printing the notice of meeting.
 - (i) What is the effect of failure to send notice of meeting to Ebuka Ike? **(4 Marks)**
 - (ii) Would your answer be different if the ground for the failure is on error of law? **(4 Marks)**

QUESTION SIX

Answer any two of the following: (7.5 Marks each)

- (a) Discuss the procedure and significance of Arrangements and compromise to corporate reconstruction under CAMA.
- (b) Discuss takeover process.
- (c) Explain the procedure for mergers under the ISA 2007.