



**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:** CLL804

**COURSE TITLE** Business and Company Law

**CREDIT UNITS:** 3

**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

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**Question 1**

Miss Princess was appointed director for life in the board of Kings Royal Embroidery Ltd. Following misunderstanding between her and other members of the royal family, she was asked to resign her directorship. She refused and contended that being a life a director her office as such is not amenable to retirement, resignation or removal. Do you agree with her? (25 marks)

**Question 2**

As the alter ego, directors wield much power and influence over the governance of companies. The reach and dominance of their influence in modern companies cannot be overemphasized. Notwithstanding, the Nigerian companies' legislation require directors to exercise prudence and diligence in their actions as directors qua directors. To procure that this pattern of conduct is the basis of all actions of anyone holding directorship, the law establishes and imposes fiduciary relationship as far as the relations between the director and the company is concerned. Carefully identify and explain the elements of the fiduciary duties of a director. (15 marks)

**Question 3**

With the help of at least one statutory and judicial authorities each, make a forceful contribution to the ongoing debate whether a contract entered into by a promoter of a company before the incorporation of that company is enforceable. (15 marks)

**Question 4**

To appreciate the role of law in the character of a modern Nigerian company, the history of the Nigerian companies' legislation or legal regime, it has been aptly submitted, is better told in its epochs. This is the only and best approach to bring out the significant developments that mark each epoch and causally connect it to the next. Bearing this understanding in mind, briefly but comprehensibly trace the historical development of the Nigerian company law from 1876 to 1968. (15 marks)

**Question 5**

- (a) The 1999 Constitution of the Federal Republic of Nigeria guarantees the fundamental right of every Nigerian to own movable and immovable property anywhere in Nigeria. State the grounds why Corporate Affairs Commission would derogate from this constitutional provision and thus deny a person the right to join in the formation or registration of a company in Nigeria. (10 marks)
- (b) One of your clients engaged you to form a company limited by guarantee. State the two clauses which are specifically unique to the memorandum of a company limited by guarantee. (5 marks)

**Question 6**

- (a) Explain "reserve capital" according to Companies and Allied Matters Act. (3 marks)
- (b) Differentiate between the following types "ordinary shares"; "founder's shares"; and "preference shares" (12 marks)