



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja
2022_2 Examination

- COURSE CODE:** CLL534
- COURSE TITLE** Company Law and Business Association 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
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QUESTION ONE

A typical company is a complex system that attempts to mimic the characteristics of a natural person. For instance, a company can enter contracts, acquire interests in land, sue or be sued in its corporate character. One of the features of membership of a company is one's interest in the capital of the company, just as the right to attend meeting and vote are yet others. With this background, provide intelligent answers to the following questions:

- (a) Identify and explain the classes of shares a company can issue. (10 marks).
- (b) At its extraordinary general meeting, Mega Industrial Works Plc resolved to shore up its share capital by the addition of 15,000,000 ordinary shares at N1 per share. With the help of authorities, lay out the procedure for allotment of the shares. (6 marks).
- (c) Discuss issuance of shares (6 Marks)
- (d) Advise the company on the various ways the shares may be paid for. 3 marks.

QUESTION TWO

- (a) Jimmy Olu known as Whitemoney is the winner of the just concluded reality show and has to his credit 90 million naira. His younger brother, Tom Olu has been told that their uncle bequeathed some shares in AZ oil Plc to him. They have approached you for advice on how to become a member of a company in Nigeria. Advise them. (10 Marks).
- (b) Mr. Okoh Johnson and his five friends pooled their resources together to form a public company. They want to take up shares in the company that will ensure they reap the benefit

of their investment for a long time. What type of shares will you recommend for them and explain to them the legal significance of “share certificate” (5 Marks).

QUESTION THREE

- (a) Princess Kurfor approached the elder brother who is based in Iran for some financial assistance. The brother felt that it would not be in her interest to be asking for stipends all the time. Consequently, he asked her to think of meaningful ways of generating income. Princess has approached you for an informed opinion on the various ways she can explore if she decides to become a shareholder in any Nigerian company. Please earn your fees. (10 Marks)
- (b) List any five types of debentures known to you. (5 Marks)

QUESTION FOUR

“Shares are in the nature of personal property and are transferable in the manner allowed by the company’s articles of association.” With the use of judicial and statutory authorities examine the above statement in the light of restriction on transfer of shares both in private and public companies. (15 Marks)

QUESTION FIVE

Messrs Sweet Sensations Limited approached its bankers for financial accommodation, required to expand its business and support operating costs. The bank asked for a deed of debenture secured by charge over the whole of undertakings of the company. The company considering this request from its bankers and has approached for your guidance:

- (a) Identify and explain to the company the types of charges capable of being created by the company. (5 marks)
- (b) If the company defaults in repayment of the loan, what remedies are available to the bankers in their capacity as debenture holder? (10 marks)

QUESTION SIX

Write short notes on the following:

- (a) Conflict of interest with reference to a director. (5 marks)
- (b) Circumstances for disqualification of a director. (5 marks)
- (c) Age of directors. (5 marks)