



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

COURSE CODE: CLL804

COURSE TITLE COMPANY LAW

CREDIT UNITS: 4

INSTRUCTIONS:

- (a) Indicate your Matriculation Number clearly
- (b) Attempt Question one (1) and any other three (3) questions
- (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 a straightforward, coherent and orderly manner.

TIME ALLOWED: 3 Hours

QUESTION 1

At an international conference organised by the Law Society, one of the invited guest speakers made the following statements: “a company is an association organised for the pursuit and promotion of economic activity; it is a composition of members who from time to time compose it. A company performs economic as well as social function. By its nature, a company never dies, as members exit, others enter. Finally, companies are self-governing through the articles of association.” In a discussion forum, the statement of the speaker came up and the following were posed:

- (a) The speaker is not totally right, because the law recognises that certain situations may give rise for winding up (and consequently dissolution) of a company. Identify those statutory grounds. (13 marks)
- (b) The speaker failed to advert his mind to the role of the courts in bringing or facilitating an end to the life of a company. In this regard, while any statutorily permitted persons can initiate winding up proceedings, the court can facilitate that process. State the steps leading up to the presentation of the winding up petition by a company. (5 marks)
- (c) The speaker forgot that the courts play has a role to play in the governance of companies. Identify and briefly explain the various types of applications which an applicant can bring under the Companies and Allied Matters Act. (7 marks)

QUESTION 2

As a result of various spectacular corporate collapses traceable to corporate governance failures, the idea has been floating around that there is really no need for setting up the board of directors as an organ within the corporate structure. The proponents of this view believe that a company can function without the directors and therefore the office should be dispensed with. From the

point of function, do you support the idea that the modern Nigerian company does not need a director? (15 marks)

QUESTION 3

In Dunlop Nigerian Industries Ltd v Forward Nigerian Enterprises Ltd & Fafore (1976) 1 ALR the court held that it does not matter if the company's shares are owned substantially by one of the shareholders with only a very small fraction held by one or few of others. The law by which a limited liability company is incorporated is not concerned with the quantum of interest of its members. Some of them may even hold a nominal or minute interest that may qualify them to be described as dummies. Yet the company maintains its independence as a person distinct from any of its members.

Critically examine the above statement in the context of Salmon v Salmon (1897) AC 22. (15 marks)

QUESTION 4

Briefly examine the following in the context of membership of a company:

- (a) Personal representatives (10 marks)
- (b) Companies (5 marks)

QUESTION 5

The Nigerian Companies and Allied Matters Act 2004 formed the foundation or framework for the reform of Nigerian companies' legislation. This birthed the Companies and Allied Matters Act 2020. In other words, if one is conversant with the major innovations introduced by the 2004 enactment, the work of understanding and appreciating the successor enactment would have been simplified. Identify and list as many major innovations introduced by the 2004 Act that you believe would be retained in CAMA 2020. (15 marks)

QUESTION 6

Write short notes on the following:

- (a) A sole proprietorship. (5 marks)
- (b) A limited liability company (10 marks)