

JOSEPH AYO BABALOLA UNIVERSITY
IKEJI-ARAKEJI, OSUN STATE
COLLEGE OF LAW

CODE: CIL 511

COURSE: COMPANY LAW I
FIRST SEMESTER EXAMINATIONS, 2022/2023 ACADEMIC SESSION

TIME: 3 HOURS

INSTRUCTIONS: ANSWER 2 QUESTIONS FROM EACH PART

SECTION A: ANSWER TWO QUESTIONS FROM THIS SECTION

1. (a) Section 15 of the articles of association of Sheffield LTD/GTE provided inter alia that profits should be shared to members at the end of the financial year. The company ended up making losses of N250 million for that financial year after the distribution of N100 million to the members of the company. The payment was approved by the Managing director and the company secretary. A creditor of the company also intends to sue the Managing director in personal capacity for a 20 million debt owed to him by the company. Discuss the legal issues involved. (12 marks)
(b) What would be the effect of penalty of 5 million imposed on the company by the CAC as a result of (a) above. Note that business was carried on this way for a period of 20 days. (5 ½ marks)
2. (a) Section 10 of the memorandum of association of Trinity Ltd. provided that the wife of the Chairman of the company; although not a subscriber to the memo was solely permitted to appoint the company secretary of the company with due regard to the relevant provisions of the Companies and Allied Matters Act, 2020 (CAMA) on the qualifications necessary for a person to be appointed as a company secretary. An appointment has now been made but is being challenged by Frank and 3 other members of the company. With the aid of relevant provisions of CAMA, explain whether this appointment was validly made or otherwise. (10 marks)
(b) Discuss the default application of model articles of association as prescribed in CAMA, 2020 (7 marks)

3. (a) The promoters of ABC Ltd. (who also intend to subscribe to the memorandum of incorporation at incorporation) intend to form a company. The proposed company has the following assets: a building worth N500million, a couple of cars worth N10million and a couple of other assets worth 500m. A proposed director of the company intends to sell off N650m of those assets after incorporation to fund expansion after incorporation. They also intend to invite members of the public to subscribe to their shares and transfer some shares to a well-known philanthropist after incorporation (who may or may not subscribe to the memorandum of incorporation at incorporation). Discuss the legal issues involved. (12 marks)
- (b) Briefly Discuss the features of an unlimited company under CAMA 2020 (5 ½ marks)

SECTION B: ANSWER ANY TWO QUESTIONS FROM THIS SECTION

4. Bolus Nigeria Plc is a company registered under CAMA and has her head office in Ibadan. Her main business is the manufacturing of sugar for household consumption in Nigeria. In 2016, she entered into an agreement with Cheap Credit Ltd to finance the acquisition of the Yusuf Sugar Plantation in Owena to the tune of ₦15million which money was duly paid and receipted by Bolus Nigeria Ltd. The farm was never acquired by the company who instead diverted the money for a different purpose. Cheap Credit Nigeria Ltd is deeply aggrieved and has instituted an action against Bolus Nigeria Limited to recover the money, but the latter is contesting that the agreement was null and void not being within her powers.
- (a) With the aid of relevant decided cases and statutory authorities, advise the parties (12 ½ marks)
- (b) Would your answer be different if the transaction had taken place in 1987? Give reasons for your answer supported by decided cases. (5 marks)
- Total = (17 ½ marks)
- 5.(a) Briefly explain the Constructive Notice Rule at Common Law and under CAMA, 2020 supported with relevant case law and statutory authorities. (6 marks)
- (b) Mention and discuss two evasive devices available to protect *ultra vires* contracts at common law (6 marks)
- (c) Discuss two(2) remedies for the breach of a promoter's duties at common law. (5 ½ marks) Total = (17 ½ marks)
- 6(a) Identify and discuss three(3) duties of a promoter under CAMA, citing relevant statutory and case law authorities (7 ½ marks)

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Code: CIL 511
2021/2022 Session

Course: Company Law I
First Semester Examinations, February 2022

Time: 3hrs

INSTRUCTIONS: ANSWER 2 QUESTIONS FROM EACH SECTION

SECTION A:

1. A direct consequence of incorporation is **corporate personality** which bestows upon a company several advantages including (among others) **Vesting of property and corporate litigation**. Discuss. (17 ½ marks)
2. Your client is in the process of setting up a new company and has approached you regarding the choice of a name. With the aid of the **Company and Allied Matters Act 2020**, advise him on the possibilities and any potential restrictions (if any) on a choice of name. (17 ½ marks)
3. With the aid of decided cases discuss the legal issues involved in the following:
 - (a) Rock Nigeria Plc. wanted to obtain licences for its vehicles but after studying the regulations for obtaining licenses discovered that it would not succeed if the application was made on its own behalf. It therefore transferred the vehicles to its subsidiary company, Valley Nigeria Plc. which applied for the licences. The application was refused by the Corporate Affairs Commission. Assuming valley Nigeria Plc. has a right to challenge this decision in a court of law, and has now challenged the decision in the court of law. After considering the case, the courts have upheld the decision of the Commission. What is the likely reason for this decision by the court? (10 marks)
 - (b) James sold his transportation business comprising of 3 vehicles and other assets to Active Nigeria Plc. where he owned majority shares. He later took out insurance policies in his own name to protect the 3 vehicles. One of the cars has now being stolen and James wants to claim on the insurance policy. (7 ½ marks)

COMPANY LAW I- 2021/2022
SECTION B

4. Prayer Nigeria Plc is a company registered under CAMA and has her head office in Lagos. Her main business is the manufacturing of sugar for household consumption in Nigeria. In 2013, she entered into an agreement with Sachs Farms Ltd to finance the acquisition of the Bachita Sugar Plantation in Ilorin to the tune of ₦10million which money was duly paid and receipted by Sachs Farms Ltd. The farm was never acquired by the company who instead diverted the money for a different purpose. Prayer Nigeria Ltd is deeply aggrieved and has instituted an action against Sachs Farms to recover the money with the latter neither contesting that the agreement was null and void nor being within her powers.

(a) With the aid of relevant decided cases and statutory authorities, advise the parties.

(12 ½ marks)

- (b) Would your answer be different if the transaction had taken place in 1989? Give reasons for your answer supported by decided cases. (5 marks) Total = (17 ½ marks)

5. Write short notes on the following:

- (i) *Continental Chemist Ltd v. Ifeakandu*. (1966)
- (ii) Presumption of Regularity.
- (iii) *Cotman v. Brougham* Clause.
- (iv) *Bell House Ltd v. City Wall Properties* Clause.

(6 ½ marks)

(3 marks)

(4 marks)

(4 marks)

Total = (17 ½ marks)

- 6(a) What is Pre-incorporation contract?

(3 marks)

- (b) Micheal, Julius and Joseph were the promoters of Gulag Nigeria Limited which was incorporated on the 28th day of October, 2018. They held series of meetings at Havana Hotels, Ilesa, Osun State in June, 2018 during which they agreed on the name, share capital e.t.c of the new company. The management of Havana Hotel supplied the various meetings with food and drinks to the tune of ₦150,000.00 which amount is still outstanding. Micheal, Julius and Joseph have written to the Managing Director of Gulag Limited to settle the indebtedness.

- (i) Advise the parties, citing relevant cases and statutory provisions. (12 marks)

- (ii) Would your answer be different if the meetings had been held in October, 1989? Give reasons for your answer. (2 ½ marks) Total = (17 ½ marks)

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SEMESTER: FIRST SEMESTER EXAMINATION

SESSION: 2023/2024

COURSE TITLE: COMPANY LAW I

COURSE CODE: CIL 511

COURSE UNIT: 4 UNITS

TIME: THREE (3) HOURS

INSTRUCTIONS: ANSWER FOUR QUESTIONS IN ALL, TWO QUESTIONS FROM EACH SECTION

SECTION A – ANSWER TWO QUESTIONS FROM THIS SECTION

1. (a) Discuss the establishment and status of Corporate Affairs Commission as provided for under CAMA 2020. **(5 ½ marks)**

(b) Explain succinctly the importance and relevance of Corporate Affairs Commission and its limitation if any. **(12 marks)**

2. Ben who carried on a small but lucrative business as a motor vehicle repairer with a staff of eight, agreed together with all those employees to combine in a joint venture to carry on the business of second hand car sales and car hire with a company incorporated in the name of "Rent car" each of the Nine putting ₦500,000.00 into the undertaking. The company received its Certificate of Incorporation on 1st December, 2023 one month before incorporation. Ben representing himself as the Managing Director of the Company agreed to purchase ₦1,000,000.00 worth of carpets and furniture for the Directors' offices. These items were delivered but remained unpaid for. Mr. Tunde the supplier wishes to sue Ben to recover the ₦1,000,000.00 unpaid money for the supplies made.

Identify the applicable legal principles in this case and advise Ben and Tunde respectively as regards the position of law. **(17 ½ marks)**

3. (a) As a student that have undergone studies and learning in Company Law I, JIL 511, you are approached by Tunde who is desirous to incorporate a Company Limited by shares to be registered as AUTHENTIC Machine Tools Company Limited with a share capital of ₦1,000,000.00 at ₦10.00 each.

There are five people involved in the incorporation of the company namely Tunde, Segun, Bukola, Precious and Damilola. The five of them are to take equal shares each. Consequent upon this development, prepare the format of Memorandum of Association for AUTHENTIC Machine Tools and incorporate all necessary information expected to be in the Memorandum of Association of the company. **(12 marks)**

(b) What are the legal effects of Memorandum and Articles of Association when registered? **(5 ½ marks)**

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COURSE: COMPANY LAW CODE: CIL 511

FIRST SEMESTER EXAMINATIONS, 2020/2021 SESSION

TIME: 3HRS

INSTRUCTIONS: ANSWER 2 QUESTIONS FROM EACH PART

SECTION A:

1. A registered company whether limited or not may either be private or public. Critically analyze this statement with reference to the provisions of The Companies and Allied Matters Act. (CAMA) (17 ½ marks)
2. (a) Mr Frank, your client has approached you with the following information and asks for your advice. Mr Frank informs you that he recently discovered that Mr James the Managing director and Mr Harvey the Company Secretary of Bristol Nigeria Limited falsified the company's accounts in such a way that he was deceived into lending N200 million Naira to the company and he is afraid he may not be able to receive his money back from the company as the company is in the process of winding up. Mr Frank is aware that the debt is owed by the company but wonders if any action can be taken against Mr James and Mr Harvey personally. Discuss the legal issue(s) involved (10 marks)
- (b) The articles of Mason PLC were amended inter alia to include a provision that the Company Accountant, Blessing, (who is also a subscriber to the memorandum and articles) would continue in the role for 10 years as long she remained a subscriber to the memorandum and articles. As a result of a dispute between the Board and Blessing, the company has now hired a new accountant 5 years into Blessing's tenure. Blessing's Husband intends to sue Mason PLC based on the provision in the article above. Advise him. (7 ½ marks)
3. Jabu Nigeria Limited was incorporated on 3rd February 2020 with 5 subscribers to the memorandum; Steven (aged 25), Laura (aged 24), Amy (aged 17), Janet (aged 17) and Jones (aged 22). Steven was also a director along with Michael (aged 21), and Sandra (aged 35) was the company secretary. On 1st March 2021, Laura and Jones ceased to be members of the company and this continued till 1st October 2021 when 3 new members (all aged 30 and above) joined the company. Between March and October 2021 the company incurred debts to Frank and James of 500 million Naira and 200 million Naira respectively. Discuss the legal issue(s) involved (13 marks)

SECTION B – ANSWER TWO QUESTIONS FROM THIS SECTION

4. Silos Nigeria Plc is a company registered under CAMA and has her head office in Lagos. Her main business is the manufacturing of sugar for household consumption in Nigeria. In 2015, she entered into an agreement with Dagogo Ltd to finance the acquisition of the Ikaramu Sugar Plantation in Offa to the tune of ₦15million which money was duly paid and receipted by Dagogo Ltd. The farm was never acquired by the company who instead diverted the money for a different purpose. Silos Nigeria Ltd is deeply aggrieved and has instituted an action against Dagogo Limited to recover the money, but the latter is contesting that the agreement was null and void not being within her powers

- (a) With the aid of relevant decided cases and statutory authorities, advise the parties (10^{1/2} marks)
- (b) Would your answer be different if the transaction had taken place in 1989? Give reasons for your answer supported by decided cases. (3 marks)
- (c) Mention and discuss two evasive devices available to protect *ultra vires* contracts at common law (4 marks)
- Total = (17^{1/2} marks)

5. (a) Briefly explain the Constructive Notice Rule and its modern application under CAMA, 2020 supported with decided and statutory authorities. (7^{1/2} marks)
- (b) The Rule in the case of *Foss v. Harbottle* is an inflexible one which does not admit any exception even under CAMA, 2020. Discuss, citing relevant statutory and case law authorities. (10 marks)
- Total = (17^{1/2} marks)

6. Dayik & Co Ltd is a firm of Estate Surveyors who was engaged by the promoters of XYZ Limited to carry out a valuation of the property at No 8, Irewolede Road, Owena which was to be used as the head office of XYZ Ltd. She carried out the valuation and charged ₦5Million for her services. XYZ has refused to pay Dayik & Co Ltd arguing that she promoted the company.

Required:

- (i) Advise the parties, citing relevant cases and statutory provisions. (5^{1/2} marks)
- (ii) Would your answer be different if Dayik & Co Ltd was one of the subscribers to the Memorandum and Articles of Association? Give reasons for your answer. (2 marks)
- (iii) Identify and discuss three(3) duties of a Promoter Under CAMA, 2020 (6 marks)
- (iv) Briefly discuss two(2) remedies available to the company on the breach of a promoter's duties (4 marks)
- Total = (17^{1/2} marks)

- (b) Explain the term Ex-parte application and when is it necessary in any civil proceeding? 7 ½ Mks

4. (a) Mr. Dele Akinola was called to Bar in the year 2005 and had since been practicing in Lagos. He is having 3 (three) other lawyers in his Chambers at No. 11, Ikorodu Road, Lagos State. The names of the lawyers are; Bisi Adekola, called to Bar in 2010, Tunde Tolulope who was called to Bar in 2016, while Aina Dada was just called to Bar in the year 2020.

How much is each of them expected to pay as their annual practicing fees? 10 Mks

- (b) What are the conditions of eligibility to be called to Bar in Nigeria? 7 ½ Mks

5. Explain the functions and composition of Legal Practitioners Disciplinary Committee. 17½Mks

6. On the 6th day of September, 2020 at about 08:15p.m. at Ipetu – Ijesa in Ilesa Judicial Division, one Gabriel Adeolu and Daniel Jenkins did conspire to kidnap Mrs. Titi Adewale contrary to Section 516 of the Criminal Code Cap. 37, Laws of Osun State of Nigeria, 2008 and Section 3(a) and (b) of the Anti-Kidnapping and Anti-Abduction Laws of Osun State, 2008.

Draft the Information that will be filed in Osun State High Court, Ilesa in respect of the case.

17 ½ Mks

(i) Would it make any difference to your answer if Steven claims to have been unaware that Laura and Jones ceased to be members on 1st March and only became aware of this fact with the introduction of the 3 new members in October 2020? (4 ½ marks)

SECTION B

4. (a) Messer Jide Taiwo & Co Ltd, a firm of Estate Surveyors was engaged by the first directors of ABC Ltd to value the property at No 1, Ajilosun which was to be used as the head office of the company. She promptly carried out the job and submitted a bill of N500, 000.00 which was not paid. The company has now instituted an action against ABC Ltd for the payment.
- (b) Explain the statutory definition of a promoter. (2 marks)
- (c) Mention and discuss at least three (3) of his duties under CAMA, 2004 supported by statutory provisions and case law. (6marks)

Required:

- (i) Citing relevant decided cases and statutory authorities, advise the parties. (6 ½ marks)
- (ii) Would your advice be different if Messer Jide Taiwo had been one of the subscribers to the memorandum and Articles of Association (3marks)

Total=17 ½ marks

5. Kara Nigeria Plc is a company registered under CAMA, 2004 and has her head office in Lagos. Her main business is the manufacturing of sugar for household consumption in Nigeria. In 2011, she entered into an agreement with Clartim Farms Ltd to Finance the acquisition of the Bachita Sugar Plantation in Ilorin to the tune of N10 million which money was duly paid and receipted by Clartim Farms Ltd. The farm was never acquired by the company who instead diverted the money for a different purpose. Kara Nigeria Plc is deeply aggrieved and has instituted an action against Clartim Farms to recover the money with the latter contesting that the agreement was null and void not being within her powers.
- (a) With the aid of relevant decided cases statutory authorities, advise the parties. (10 marks)
- (b) Would your answer be different if the transaction had taken place in 1988? Give reasons for your answer supported by decided cases. (3 ½ marks)
- (c) Mention and briefly discuss two (2) evasive devices to the rule identified in (a) above at common law. (4marks)

Total = 17½ marks