



**400+ MULTIPLE
CHOICE QUESTIONS
ON ALL THE TOPICS IN**

CORPORATE LAW PRACTICE

**FOR NIGERIAN LAW SCHOOL STUDENTS WITH
PRECISE EXPLANATION ON THE ANSWERS.**

**Adeyemi Ayeku
&
Bukola Aboluwarin**

WEEK 3

LEGAL REGIME AND THE REGULATORY BODIES IN CORPORATE PRACTICE

1. The principal institutions or bodies, which are statutorily vested with regulatory, supervisory and controlling authority over companies and their activities in Nigeria do not include:

- a. Corporate Affairs Commission
- b. Securities and Exchange Commission
- c. Nigerian Investment Promotion Commission
- d. None of the above

2. Which of the following accurately describes the qualification of the Registrar General of the Corporate Affairs Commission?

- a. He must be a legal practitioner who has been in active legal practice for 12 years and has at least 10 years experience in corporate law practice and administration
- b. He must be a legal practitioner who has been in active legal practice for 10 years and has at least 8 years experience in corporate law practice and administration
- c. He must be a legal practitioner who has been in active legal practice for at least 10 years and has at least 8 years experience in corporate law practice or administration
- d. He must be a legal practitioner who has been in active legal practice for 8 years and has at least 8 years experience in corporate law practice and administration

3. The apex regulatory body for Nigeria's capital market is:

- a. The Nigerian Stock Exchange
- b. The Central Bank of Nigeria
- c. The Corporate Affairs Commission
- d. The Securities and Exchange Commission

4. What is the full meaning of NOTAP?

- a. Nigerian Office for Technology Acquisition and Promotion
- b. National Organisation for Technology Acquisition and Promotion
- c. Nigerian Organisation for Technology Acquisition and Promotion
- d. National Office for Technology Acquisition and Promotion

5. As Registrar General is to CAC, _____ is to NOTAP

- a. Director General
- b. Chairman
- c. President
- d. Governor

6. The Corporate Affairs Commission has a total membership of _____

- a. 12
- b. 10
- c. 15
- d. 20

7. The quorum of the meeting of the Corporate Affairs Commission shall be:

- a. 4
- b. 5
- c. 6
- d. 7

8. Which of the following enactments established the Securities and Exchange Commission?

- a. The Investments and Securities Act
- b. The Securities and Exchange Commission Act
- c. The Central Bank of Nigeria Act
- d. Nigerian Investment Promotion Commission Act

9. The One Stop Investment Centre (OSIC) is the brain child of:

- a. The Nigerian Investment Promotion Commission
- b. The Securities and Exchange Commission
- c. The Central Bank of Nigeria
- d. The Ministry of Trade and Investment

During your Call to Bar celebration, your old time friend from University, Oredola Ibrahim who recently won the Tony Elumelu Grant for African Entrepreneurs met you and expressed his desire to acquire an incorporated status for his business, Skill NG currently registered as a business name. He instructed you to make his desire come through.

10. The first step you will take in order to carry out the instruction you were given by Oredola Ibrahim is?

- a. Conduct availability check and reservation of name
- b. Get accredited with the Corporate Affairs Commission
- c. Obtain enrolment at the Supreme Court
- d. File Application for registration of company

11. Accreditation of professionals with the Corporate Affairs Commission is only necessary as regards matters pertaining to:

- a. Part A of CAMA
- b. Part B of CAMA
- c. Part C of CAMA
- d. All of the above

12. Which of the following is not part of accredited professionals with the Corporate Affairs Commission?

- a. Legal practitioners
- b. Chartered accountants
- c. Chartered auditors
- d. Chartered secretaries

13. One of the following documents is not required for the accreditation of legal practitioners with the Corporate Affairs Commission:

- a. NYSC exemption letter or discharge certificate
- b. Two passport photographs
- c. Receipt of payment of call fee
- d. Evidence of payment of prescribed fee

14. One of the following is incapable of being registered with the Securities and Exchange Commission as a capital market operator:

- a. Individuals
- b. Firms
- c. Companies
- d. None of the above

15. All but one of the following professionals can be registered with the Securities and Exchange Commission as a capital market operator:

- a. Legal practitioners

- b. Auditors
- c. Chartered secretaries
- d. Accountants

ANSWERS

WEEK 3

REGULATORY LAWS AND BODIES

1. (D)
2. (C) See section 8(1), CAMA. Take note of the word “or”
3. (D) See section 13, ISA
4. (D)
5. (A)
6. (B) See section 2, CAMA
7. (B) See section 5(3), CAMA
8. (A)
9. (A)
10. (C) The reason is because for one to be able to register a company (Part A), one needs accreditation with CAC. For one to be accredited, one needs to be a lawyer, chartered accountant or a chartered secretary. Of course, no one is qualified to be a lawyer unless he has been called to the Nigerian Bar and his name is enrolled in the Supreme Court. So, the first step you will take is to obtain enrolment in the Supreme Court.
11. (A) Accreditation of professionals with CAC is with respect to matters pertaining to part A of CAMA, dealing with companies.
12. (C) Auditors are not part of the accredited professionals with CAC. Professionals that can be accredited with CAC are legal practitioners, chartered secretaries and chartered accountants.

13. (C) What is needed is your call to Bar certificate, not the receipt of your call fee

14. (D)

15. (C) Chartered Secretaries cannot be registered with the SEC as Capital Market Operators

WEEK 4, 5 & 6

CHOICE OF BUSINESS AND NON-BUSINESS ORGANISATION AND PREPARATION OF DOCUMENTS FOR REGISTRATION OF BUSINESS AND NON-BUSINESS ORGANISATIONS

Mr. Emmanuel Alonge is desirous of acquiring an incorporated status for a family business. The business has been a legacy of long time. He wishes the business, when registered, to be one where there will be no limit to the liability members can incur. He has met you at your call to bar ceremony and informed you of these wishes and aspirations.

Answer the following questions.

1. The first step you would take to enable you carry out the instructions you were given is:
 - a. Conduct availability check and reservation of name
 - b. Get enrolled at the Supreme Court
 - c. Seek accreditation with the Corporate Affairs Commission

- d. Seek accreditation with Securities and Exchange Commission
2. In the scenario above, what type of company will you recommend to Mr. Emmanuel Alonge that will suit his desire?
- Private Limited Liability company
 - Private Company Limited by Guarantee
 - Public Company Limited by Guarantee
 - Private Unlimited Liability Company
3. The following are the types of business organizations recognised by the Companies and Allied Matters Act except
- Company Limited by Guarantee
 - Sole Proprietorship
 - Incorporated Trustees
 - Partnership
4. In all but one of the following sectors, a company is required to be formed before business is commenced:
- Banking
 - Insurance
 - Health
 - None of the above
5. Which of the following is an incorrect position of the law?
- A Private Company having 50 members and 20 other employees who are also members of the Company has contravened the provisions of the CAMA
 - A Private Company must by its articles restrict the transfer of shares to members of the public
 - Two persons can be entitled to ownership of a share at the same time
 - None of the above
6. All the following business/non-business organisations can lawfully commence activities prior to registration with the Corporate Affairs Commission except:
- Incorporated Trustees
 - Private Company Limited by Guarantee
 - Private Company Limited by shares
 - B and C
7. Which of the following suffers no disability in joining in the formation of a Company?
- A person less than 18 years where there is one other adult
 - A person declared by a Court to be of unsound mind where there are other members of full age and capacity
 - An un-discharged bankrupt except where there are other members of full age
 - None of the above
8. Non business organizations that can be registered in Nigeria do not include:
- Sole Trader
 - Company Limited by Guarantee
 - Incorporated Trustees
 - None of the above
9. As a general rule, the minimum and maximum age limit for appointment as a Director in private companies is
- 21 years and 70 years respectively
 - 18 years and 70 years respectively
 - 18 years and 75 years respectively
 - 18 years and none respectively

Recently, you were invited to a meeting of the promoters of a company in Nigeria. At the meeting, you met Lionel Messi (17), Cristiano Ayekukehinde@gmail.com (+2348134020598) 5

Ronaldo (24) and Neymar Junior (20), all Portuguese businessmen who have agreed to set up the business of Artificial Intelligence in Nigeria. They have retained your services to facilitate the registration of the company.

The proposed name of the company is "Dangote Artificial Intelligence Ltd"

10. The proposed name of the company is

- a. Prohibited by CAMA
- b. Restricted by CAMA
- c. Unsuitable for the purpose
- d. Not subject to any legal disability

11. The form for application for registration of the company is:

- a. Form CAC 1
- b. Form CAC 1.1
- c. Form CAC 1A
- d. Form CAC 2.1

Assuming the trio are desirous of registering the Nigerian-Portuguese Chambers of Commerce in Nigeria. It must be registered under 12_____ as a 13_____without 14_____

12.

- a. Part A of CAMA
- b. Part B of CAMA
- c. Part C of CAMA
- d. Part D of CAMA

13.

- a. Company Limited by Shares
- b. Incorporated Trustees
- c. Company Limited by Guarantee
- d. Business Name

14.

- a. Directors
- b. Company Secretary
- c. Shareholding
- d. Memorandum and Articles of Association

15. Assuming the trio decided to incorporate a company to be called 'Sinzu Holding PLC', none, but one of the following, is incorrect:

- a. Formal application must be made to CAC for consent to register the company
- b. The proposed name of the company is prohibited under CAMA
- c. The proposed name of the company is restricted under CAMA
- d. There must be evidence of not less than two subsidiary companies

16. All except one of the following is correct about a private company

- a. It has a share capital of not less than N10,000
- b. It is exempted from holding statutory meeting
- c. It is exempted from having a company Secretary
- d. Its members shall not be less than two

17. One of the following requires, as a condition precedent to registration, evidence of ownership of a landed property or a statement in lieu

- a. A private company limited by guarantee
- b. An incorporated trustee
- c. A public company limited by shares
- d. All the above

In a bid to curb the spread of the corona virus and to properly sensitise the people on the things that must be done to contain the spread, a group of Nigerian youths has formed an Ayekukehinde@gmail.com (+2348134020598) 6

organisation to be known as 'War Against Corona Virus' with just one aim: to reach the most vulnerable in the society and impact them with the requisite knowledge and safety measures to take in curbing the spread of the virus.

Answer the following questions 18-22 using the scenario

18. Which of the following options is best suited for the registration of such organization:

- a. Company limited by guarantee
- b. Volunteers Hub
- c. Co-operative society
- d. Incorporated trustees

19. Which of the following is not a requirement for the registration of such organization with CAC?

- a. Consent of the Attorney General of the Federation
- b. Constitution of the organization
- c. Adoption of special clause
- d. Evidence of advertisement in the National dailies

20. Assuming the organization was successfully registered with the Corporate Affairs Commission, the Companies and Allied Matters Act provides that the organization should be known as:

- a. Registered trustees of War Against Corona-virus
- b. Volunteers Hub of War Against Corona-virus
- c. Incorporated trustees of War Against Corona-virus
- d. A or C above

21. One of the following is not true about the proposed association:

- a. It can carry on its object without registration
- b. When registered, the association acquires legal personality
- c. Upon registration, the trustees of the association acquires legal personality and can sue and be sued
- d. The constitution must contain adoption of the special clause

22. The minimum number of trustees that may apply for registration under Part C of CAMA is:

- a. 4
- b. 2
- c. 1
- d. 5

Alhaja Princess Simblat Kolawole (46years) and her sister Princess Anota Dosumu (42years) have agreed to register their business 'Princess Lace Boutique' at the Corporate Affairs Commission. They commenced the business at Idumota Market on 1st July, 2010. Their application was completed on their behalf by Mr Adewale Ayuba because they are not educated.

23. The business should be registered on or before:

- a. 29th July, 2010
- b. 28th July, 2010
- c. 8th July, 2010
- d. 30th September, 2010

24. The application form must contain the following except:

- a. Signature of a magistrate, legal practitioner or Assistant Superintendent of Police
- b. The name and address of Mr Adewale Ayuba
- c. The address of the principal place of business of the proprietors
- d. Details of the partners and the nature of the business.

25. One of these is incorrect in respect of certificate of registration of the business?

- a. It raises a presumption of the existence of a partnership between the proprietors
- b. It does not give legal personality to the business
- c. It informs the public of the true identity of the proprietors
- d. It does not give priority to the name against subsequent registered companies or businesses

26. By the provision of Section 19 CAMA, membership of Partnerships, except that of Lawyers and Accountants shall not exceed?

- a. 20 members
- b. 30 members
- c. 40 members
- d. 50 members

27. The documents to be delivered to the Corporate Affairs Commission during the registration of the partnership include the following except

- a. Form CAC 1 – Availability and Reservation of name
- b. Qualifying certificate
- c. Two passport photographs of each partner

- d. Business Name Form 1 duly filled

28. In which of these organizations is there no automatic right to proxy attendance at general meetings except stated in the article

- a. Unlimited Liability Company
- b. Public Liability Company
- c. Company Limited by Guarantee
- d. Private Limited Company

29. Mr. Bolu Omotosho who owns a medium size shoe making business desires to acquire an incorporated status for the business; his best option would be to

- a. Register as a Business Name
- b. Register as a Public Company Limited by Shares
- c. Register as a Private Company Limited by Shares
- d. Register as a Private Company Limited by Guarantee

30. Tolu is a new wig who has been approached by a group of people who are about 35 in number but expect a similar number of people to join them as members after incorporation of their proposed company. What is the most suitable option of business organization?

- a. A Private Company Limited by Shares
- b. A Private Company Limited by Guarantee
- c. An Incorporated Trustee
- d. A Public Company Limited by Shares

Use this scenario to answer questions 31-34

Mr. Smart Uche was called to the Nigerian Bar on July 20, 2018. At the thanksgiving reception, the chairman of the occasion, an uncle of the ‘New Wig’, Chief Uchendu, instructed him to

register two business outfits with the names: Uchendu Bros and Ebano Enterprises (Nig) Ltd at the Corporate Affairs Commission.

Answer questions 31-35 using the scenario

31. After enrolment at the Supreme Court, Smart Uche Esq., is expected to be accredited at the Corporate Affairs Commission so as to be able to

- a. Register the Business Name and the Limited Liability Company
- b. Register the Business Name
- c. Register the Limited Liability Company
- d. Do any official transaction with CAC

32. Which of the following documents will be required by CAC for the registration of Uchendu Bros, but will not be needed to register Ebano Enterprises (Nig.) Ltd?

- a. Passport photograph
- b. Form for Availability and Reservation of name
- c. Evidence of payment of filing fee
- d. None of the above.

33. The proposed name: 'Ebano Enterprises (Nig) Ltd' is___

- a. Prohibited under CAMA
- b. Restricted under CAMA
- c. Without legal disability
- d. None of the above

34. Which of the following is true of the two business outfits to be registered?

- a. They are both juristic personalities
- b. They are both judicial personalities
- c. Uchendu Bros becomes a juridical personality while Ebano Enterprise (Nig.) Ltd becomes a juristic personality

d. None of the above

35. Which of the following documents is not required by the Companies and Allied Matters Act for the registration of Ebano Enterprises (Nig.) Ltd at the Corporate Affairs Commission?

- a. Memorandum and Articles of Association
- b. Form CAC 1: Availability check and Reservation of Name
- c. Evidence of payment of filing fee
- d. Letter of Consent from the Attorney General of the Federation

"Heroes for Nigeria" is an association dedicated to the cause of promoting value-based leadership in Nigeria. Recently, the activities of the body were rewarded with an International award from the Judes Foundation, a body based in Israel. The award was accompanied by a cash prize of US \$1,000,000 which was meant to enhance the operations of "Heroes for Nigeria"

Part of the cash award was disbursed by the organisation as gifts in honour of some dedicated members. A few others who were excluded in the process had argued that the distribution ought to have been extended to all categories of members, especially as the mandate of the organisation is about to expire.

Answer questions 36-39 using the scenario

36. One of the following statements is true of the cash disbursement made to some members of Heroes for Nigeria

- a. Properties of the body can be disbursed to members only in the event of dissolution

- b. The move should have been limited to reimbursement of debts and out-of-pocket expenses
- c. To be valid, disbursement should be approved by the trustees because properties of the Association are vested in them.
- d. None of the above

37. Which of the following options is a crucial factor for having the association registered?

- a. The trustees will not be a corporate body
- b. Perpetual succession ceases upon the order of the AGF
- c. Power to hold and dispose land
- d. None of the above

38. Who can bring an application for the dissolution of Heroes for Nigeria?

- a. The governing Body or Council
- b. One or more Trustees
- c. Members of the association constituting not less than 50% of the total membership
- d. All of the above

39. "Heroes for Nigeria" is expected to maintain the following books except:

- a. Minutes Book
- b. Register of shareholders
- c. Register of Trustees
- d. Books of Account

40. After your Call to Bar ceremony, your friend's mum approached you to register her restaurant with the Corporate Affairs Commission as a sole proprietorship business. One of the following will be the first step you will take in order to carry out her instructions:

- a. Enrol at the Supreme Court as a legal practitioner
- b. Get registered at the Securities and Exchange Commission
- c. Get accredited with the Corporate Affairs Commission
- d. File CAC Form 1 to check for availability of name

41. One of the following is not a relevant document to register the business

- a. CAC 1
- b. CAC 1A
- c. CAC BN/1
- d. Recognised means of identification

42. One of the following is no longer mandatory for the registration of businesses under part B of CAMA:

- a. Accreditation of professionals
- b. Search for availability of name
- c. Completion of business name form
- d. Submission of passport photographs

43. Sole proprietorship has one of the following advantages over company limited by shares

- a. It is flexible as management is concentrated in one person
- b. It can last as long as the proprietor desires even after his demise
- c. Its business name, once registered, forecloses other business from taking the same name or a name so similar as will likely deceive the public
- d. None of the above

44. Which of the following business organisations under CAMA absolutely prohibits infants' participation in directing and managing the affairs of the organisation?

- a. Business Name registered under Part B
- b. Companies registered under Part A
- c. Incorporated Trustees registered under part C
- d. B and C

45. James Alufa and Adeyemi Ayeku are desirous of forming a partnership for the purpose of legal practice. One of the following will necessitate the compulsory registration of the partnership

- a. James Alufa and Adeyemi Ayeku
- b. Alufa and Ayeku
- c. Alufa J And Ayeku A
- d. J. Alufa and A. Ayeku

46. Assuming James Alufa is a minor, the application form for the registration of the partnership must in addition be signed by any of the following except

- a. A Judge
- b. A Magistrate
- c. A legal Practitioner
- d. A Police Officer of or above the rank of ASP

At the recently concluded Extra-Ordinary General Meeting of Great Stark PLC, it was resolved to increase the share capital of the company from ₦5million to ₦10 million. The existing shareholders were offered right issues and bonus shares. New members were also invited to purchase the shares of the company. Dr. Jacqueline Zerb of the United States also bought shares.

47. Assuming the company was yet to be incorporated and Dr. Jacqueline Zerb intends to be one of the first subscribers, one of the following will be required of her

- a. Driver's license
- b. National Identity Card
- c. The information page of her International passport
- d. All of the above

Toluwani and Blessing have decided to form a company to take over their business of cake making and event planning. They decided to invite their friends, Opeyemi and Olubanke to join them in subscribing to the shares of the company. They intend to form a private company limited by shares with its authorised share capital being ₦200,000 divided into 200,000 ordinary shares of ₦1each.

48. At the incorporation of the company, what's the least number of shares that must have been fully subscribed to?

- a. 50,000
- b. 25,000
- c. 100,000
- d. 200,000

49. Assuming Toluwani and Blessing have decided to form their company with the goal of furthering research in baking and using the proceeds to help an orphanage, what type of company is most appropriate for their object?

- a. Private Company Limited by Shares
- b. Incorporated Trustees
- c. Public Limited Liability Company
- d. Private Company Limited by Guarantee

50. From your answer above, the name of the most appropriate organisation you have recognised must comply with one of the following

- a. It must end with the word "(Incorporated Trustees of..."

- b. It must start with the words "Incorporated Trustee of..."
- c. It must end with the words "(Limited by Guarantee)"
- d. It must end with the words "Limited by Guarantee"

Diran Adesokan (22) and Eyinjuoluwa Olaweyu (17) are close friends, who while they were in school, started a business together. They registered the business under part B of CAMA known as 'House of Gold.' Being a business with a sporadic growth, both of them have decided to form a private company to take over the business. They agreed to bring in two other persons, Oreofe Olaleye (19) and Bukola Alada (23) to be part of the first subscribers of the company. Diran and Eyinju have also agreed that both of them will be the first directors of the company.

51. None of the following is incapable of registering the company except

- a. Diran and Eyinju
- b. Oreofe and Bukola
- c. Diran and Bukola
- d. None of the above

52. One of the following documents will not be required for the registration of House of Gold Ltd

- a. Birth certificate of Eyinju issued by NPC
- b. Form CAC 1A
- c. Memorandum and Articles of Association
- d. None of the above

53. Where the name, House of Gold LTD was found to be available yet, CAC refuses to

register its MEMART, the proper step to take under section 36(2) CAMA will be to

- a. Give notice to CAC requiring it to seek Court direction within 21 days
- b. Take up action by originating summons and seek order of mandamus at FHC against CAC
- c. Give notice to CAC requiring it to seek Court direction within 30 days
- d. Apply to the FHC by petition seeking declaratory relief against CAC

54. The Articles of Association of the proposed company shall be in Part ____ of table A, first schedule to CAMA

- a. Part IV
- b. Part III
- c. Part II
- d. Part I

55. The Stamp Duty payable on the Memorandum and Articles of Association is

- a. Ad valorem
- b. Fixed
- c. 40%
- d. No stamp duties is paid

James and Ekaite Edet are natives of Cross Rivers State. They have two sons, Gold and Silver aged 19 and 16 respectively. The Edets are proprietors of Edet Washerman situate in New Haven layout, Owerri. The business is valued at ₦450,000 only. The Edets have resolved to incorporate a company to take over their business.

56. The proposed company must have ____ subscribers

- a. Four

- b. Three
- c. Two
- d. One

57. One of the following would not be accepted by CAC as a proposed name for the company

- a. Edet Washerman (Nig) Ltd
- b. JANDE Washerman (Nig) Ltd
- c. JEGS (Nig) Ltd
- d. Edet Wash (Nig) Plc

58. _____ can be the first directors of the company

- a. James and Silver
- b. Silver and Gold
- c. Ekaite and Silver
- d. James and Gold

59. The following are the contents of a Memorandum of Association of a company except

- a. Name clause
- b. Object clause
- c. Capital clause
- d. Allotment clause

60. Statutory declaration of compliance under section E of FORM CAC 1.1 must be done by

- a. A legal practitioner who need not be accredited by CAC
- b. A legal practitioner in the service of CAC
- c. A legal practitioner that must be accredited by CAC
- d. A legal practitioner that must be accredited by CAC and SEC

ANSWERS

WEEKS 4 – 6

1. (B) The reason is because without your enrolment at the Supreme Court, you are not yet a qualified legal practitioner, and without you being a qualified legal practitioner, you cannot be accredited with CAC
2. (D) The question already reveals that Precious Alonge desires the liabilities of the members to be unlimited
3. (C) Incorporated Trustees are non-business organizations. You may be thinking that (LTD/GTE) is also a non-business organization, but that's not absolutely true. And in MCQs, you are to choose the most suitable option.
4. (C) You do not need to form a company before you can open your Pharmacy shop or open your hospital, although license of the appropriate regulatory body is needed.
5. (A) A private company with more than 50 members has not contravened the law, provided the 'excess' members are employees of the company. See the provision of Sec. 22(3) of CAMA.
6. (D) Organisations under part A of CAMA cannot lawfully commence their business activities prior to their registration. See section 559 CAMA
7. (D) All of them suffer one disability or the other
8. (A) Remember the comment on question 3. The most suitable option. IT is not a business organization, and (LTD/GTE) is not formed primarily for business purposes.

9. (D) For a private company, there is no restriction on the age limit of directors. For a public company, if a person above 70 years is to be appointed a director, special notice disclosing his age must be given to the company. Sec. 252, 256, CAMA.
10. (A) See section 30 of CAMA. The proposed name is prohibited because it is identical with an existing registered name. Dangote is a very popular trade name in Nigeria
11. (B) Form CAC 1.1-Application for Registration of company.
12. (A) Note that Chambers of commerce is another name for a company limited by guarantee. See section 30(1)(b) CAMA. Part A deals with companies.
13. (C) As stated in 13 above.
14. (C) See section 26(2) CAMA. A (LTD/GTE) shall not be registered with a share capital.
15. (B) The proposed name 'Holding' is a restricted name, not a prohibited name. See section 30(2)(d) CAMA
16. (C) The question requires you to identify the option that is an incorrect position of the law. All companies are required to have a Company Secretary. See section 292 CAMA.
17. (B) Evidence of land ownership or undertaking in lieu to have it within 2 years of incorporation is a requirement for registering IT.
18. (D) It could have been option A. But question 19 makes the D to be the most suitable answer here. As much as possible, try to consider all the questions from a scenario before selecting an answer, especially where one appears confusing.
19. (A) Consent of the AGF is only needed for registering (LTD/GTE) not an IT. Sec. 26(5).
20. (C) CAMA provides for "Incorporated Trustees of" and not "Registered Trustees of" Sec. 591(1)(a) CAMA
21. (B) The association does not acquire legal personality, but the trustees of the association will have legal personality. Sec. 596(1) CAMA.
22. (C) Sec. 596(1). Take note of the word "Trustee" or "Trustees" as used.
23. (A) Section 574(1). The 28 days will start counting **after** the day they commence business. So, the deadline is 29th.
24. (A) The signatures in the option are only required when an infant is involved. But the two proprietors are adults. Sec. 574(6)
25. (D) Priority is given to the registered name against subsequent registrations. Sec. 579(1)(d)
26. (A)
27. (B)
28. (C) See the proviso to sec. 230 CAMA
29. (C) Her desire to acquire an incorporated status negates option A because business name does not have incorporated status. It is not B because of the huge capital involved which her medium sized business may not be able to provide for.
30. (D) Because of the membership.
31. (C) Accreditation is only needed for registering a company under part A of CAMA and is not needed for Business name or IT under Part B & C respectively.

32. (A) Passport photograph is not part of the documents required for incorporation of a company.
33. (B) Name containing the word (Nig) is a restricted name in Sec. 30(2)(d) CAMA. The consent of the Commission must be obtained before they can be used.
34. (C) Organisations registered under part A CAMA acquired a separate personality, while organizations registered under part B, like a business name, do not.
35. (D) Consent of AGF is only for (LTD/GTE)
36. (B) See sec 603 CAMA. *Ensure to know how to draft the special clause which contains how the income and property of an IT are to be used.*
37. (C) Power to hold and acquire land is one of the effects of registration of an IT. Sec. 596(1) CAMA
38. (D) See Sec. 608 CAMA
39. (B) Incorporated Trustees don't have shareholders. Only companies are required to have register of shareholders.
40. (D) Since it's a business name you are registering, you don't have to be a lawyer nor be accredited before you can do it.
41. (B) Form CAC 1A is only needed when you want to change the name after registration.
42. (A) See comment on no. 40
43. (A)
44. (D) Take note of the words "directing and managing" in the question which brings the idea of leadership, like director and trustee. And both part A and C prohibit that. An infant is prohibited from being a director of a company, Section 257 CAMA, and an infant cannot be appointed a trustee of an organization, Section 592 CAMA.
45. (C) In the arrangement of names, it is presumed that your first name comes before your surname. Also, your initials must come before your surname.
46. (A) Judge is not part of those that can countersign the application form for the registration of a business name. See Sec. 574(6) CAMA
47. (C) For foreigners, the preferred recognized means of identification is the information page of their international passports.
48. (A) By Sec. 27(2)(b) CAMA, at least 25% of the authorized share capital of a company must be taken by the subscribers during its incorporation. 25% of 200,000 is 50,000
49. (D) Private (LTD/GTE) is the most suitable because of the side business they want to do, with the goal that the profits from the business will be channeled to catering for the orphanage. Sec. 26 CAMA
50. (C) The bracket is an important aspect of the name of a company limited by guarantee. (LTD/GTE). Sec. 29(3) CAMA.
51. (A) Eyinju being an infant cannot register the company, but can be a subscriber because there are already two qualified adults.
52. (B) Form CAC 1A is for change of name. It's a post incorporation matter.
53. (A) See Sec. 36(2) CAMA
54. (C) See First Schedule, Table A, Part II, CAMA. Part I is for public companies, Part II is for private companies limited

by shares, Part III is for a company limited by guarantee and part IV is for an unlimited company.

- 55. (B) The stamp duty payable on the MEMOART is fixed, while that of the statement of authorized share capital (now CAC 1.1) is ad valorem.
- 56. (C) Every company must have at least 2 subscribers. Sec. 18, CAMA
- 57. (D) Because of 'PLC' suggesting it is a public company, and the fact that the business' value is N450,000.
- 58. (D) Silver cannot be a director because he is an infant.
- 59. (D) See Sec. 27 for the contents of a Memorandum of Association. Allotment clause is not part of the contents.
- 60. (A) The purpose of statutory declaration of compliance is to make sure that the requirements of CAMA, concerning registering a company, have been complied with. The answer is not B because that would amount to being a judge in one's case. The answer is not C because if you check Section E, of FORM CAC1.1, it shows that accreditation number is optional, meaning one does not need accreditation to do it. See Sec. 35(3) CAMA and the case of Nkwocha Ernest v Minister of Industry, Trade and Investment.

WEEK 7

PROMOTION OF COMPANIES AND PRE- INCORPORATION CONTRACTS

Clement and Sons Ltd was incorporated in September, 2020 with the total authorised share capital of ₦100,000. In order to take advantage of an investment opportunity by the government which requires the total combined assets of proposed applicants companies not to be less than ₦500,000, Mr. Clement approached First Bank for a loan of ₦400,000 to the company, making himself the guarantor by using his house as security for the loan.

Answer the following questions

1. From the scenario, which of the following accurately captures Mr. Clement's position?
 - a. A promoter of the company
 - b. A shareholder in the company
 - c. A director of the company
 - d. A creditor of the company
2. Assuming prior to the incorporation of the company, Mr. Clement contacted Oji Kalu, a professional Estate Valuer and Human Resource Manager to help secure the property that will be used for the registered office of the company and a little personality shopping for the proposed company in return for his professional fee. Also, Kemi, Precious and Jude subscribed to the memorandum of the company alongside Mr. Clement.

Which of the following is true from the scenario?

- a. Only Oji Kalu and Mr. Clement can be regarded as promoters of the company
- b. Only Oji Kalu can be regarded as promoter of the company
- c. Oji Kalu and all the subscribers are promoters of the company
- d. All the subscribers minus Oji Kalu are promoters of the company

3. All are duties owed by the promoters to the company except:

- a. Duty to account for money/properties received
- b. Duty not to make secret profit
- c. Duty not to expose the company to loss
- d. Duty to make sure the company must be successful

Mr. Adewole Alarara, Mr. Bush Coke, Alhaji Isah Bello want to incorporate a company for the production of toothpaste. They instructed Mr. Rashid Ajani who is a legal practitioner to help them in preparation of pre-incorporation documents. Mr. Adewole Ajala provided the apartment which is to be used as the office for the company while Mr. Bush Coke gave the sum of N10million to buy an official car for the proposed company and Alhaji Isah Bello gave N11million to buy furniture and employ workers for the proposed company.

Answer questions 1-4 using the above scenario

4. From the scenario, Mr. Rashid will be regarded in law as?

- a. A legal practitioner acting in a professional capacity engaged in procuring the incorporation of the company
- b. The lawyer of the company

- c. A member of the company
- d. A promoter of the company

5. Mr. Adewole, Mr. Bush and Alhaji Isah stand in what relationship to the company?

- a. Agents of the company
- b. Trustees of the company
- c. Fiduciary relationship
- d. All of the above

6. Mr. Oladiti wants to know the status of the acts of Mr. Adewole, Mr. Bush and Alhaji Isah upon incorporation of the company:

- a. The company cannot ratify because it was yet to be incorporated when the acts were performed
- b. The company is not bound except it ratifies after incorporation
- c. The company must pay back the expenses incurred by them
- d. None of the above

7. Remedies for breach of fiduciary duties by a Promoter include the following except

- a. Suing for damages for breach of fiduciary duties
- b. Declaratory and Injunctive remedy
- c. Rescission of contract and recovery of money paid
- d. Account for any profit made

8. The time limit to bring an action against a promoter who has been found wanting in its duties towards the company during its incorporation is?

- a. 3 years
- b. 6 years
- c. 10 years
- d. No time limit

9. Which of the following is not an example of pre-incorporation contracts?

- a. Joint Venture Agreement
- b. Memorandum of understanding
- c. Memorandum of Association
- d. Shareholders Agreement

10. In contrast to the position under the Common Law, a Company can now ratify pre-incorporation contracts by virtue of?

- a. Section 61 CAMA
- b. Section 71 CAMA
- c. Section 62 CAMA
- d. Section 72 CAMA

11. One of the following upheld the CAMA provision that a pre incorporation contract may be ratified by the company upon incorporation.

- a. Kelner v Baxter
- b. Societe Generale Bank v Societe Generale Favouraiser
- c. Leopold Borne v Sensolid
- d. Societe Generale Bank v Sem Edowire

12. The effect of inclusion of pre-incorporation contacts in the Memorandum of Association of a company is not all but one of the following:

- a. A compulsion to see the contract executed
- b. A mere strong desire to execute the terms of the contract
- c. A and B
- d. A thing of mere practice and procedure.

13. The authority for your answer is question 12 is:

- a. Societe Generale Bank v Sem Edowire
- b. Societe Generale Bank v Societe Generale Favouraiser

- c. Twycross v Grant
- d. Edokpolor & Co Ltd v. Sem-Edo Wire Ltd

14. There can be more than one promoter to a company

- a. True
- b. False
- c. The minimum is 2
- d. The maximum is 2

15. The following are essential features of pre-incorporation contracts except

- a. They are binding on the company as soon as they are made
- b. They are binding on the promoter of the company
- c. They are not binding on the company unless ratified by the company
- d. They are made prior to the existence of the company

ANSWERS
WEEK 7
PROMOTION AND PRE-
INCORPORATION
CONTRACTS

1. (A) Someone who undertakes to raise capital for a newly formed company is also called a promoter. See Sec. 61, CAMA
2. (D) All the subscribers to a company are regarded as promoters of that company. A person acting in a professional capacity in setting up a company, e.g an estate valuer, who is paid his professional fee, will not be regarded as a promoter. See the proviso to Sec. 61 CAMA
3. (D) Promoters do not have the duty to make sure the company must be successful.
4. (A) See the proviso to Sec. 61, CAMA
5. (C) Promoters are neither agents nor trustees. They are not agents because there is no principal in existence they can be said to be working for. They are not trustees because there are three parties in a trust relationship, which does not fit in the context of promoting a company. So, promoters are regarded as being in fiduciary relationship with the company
6. (B) A company is not bound by pre-incorporation contracts unless the company ratifies it. Sec. 72, CAMA.
7. (B) Declaratory and injunctive reliefs are hardly sought against promoters for breach of fiduciary duties, thus making (B) the right option.
8. (D) Sec. 62(4) CAMA
9. (C) Memorandum of Association is not treated as a pre-incorporation contract, rather as one of the necessary incorporation documents.
10. (D) Sec. 72, CAMA
11. (B)
12. (B)
13. (D)
14. (A)
15. (A) Pre-incorporation contracts are not binding on the company unless ratified by the company

WEEK 8

FOREIGN PARTICIPATION IN NIGERIAN ECONOMY

Tony Stark International Company having its registered office in the United States was invited to Nigeria by the Federal Government to build Robot Jarvis to be used to combat the Boko Haram Terrorist group in the country. Tony Stark Int'l Company, on the receipt of the letter, started work in Nigeria without incorporating a company in Nigeria or obtaining letter of exemption from the Government.

Answer the following questions

1. One of the following is incorrect:
 - a. Tony Stark International company is qualified for exemption from registration
 - b. Tony Stark International company cannot sue or be sued in Nigeria
 - c. Tony Stark International Company is exempted from payment of company taxes
 - d. None of the above
2. Assuming Tony Stark International Company does not qualify for exemption, which of the following regulatory agencies will not be needed when registering it as a Nigerian company?
 - a. Federal High Court
 - b. Corporate Affairs Commission
 - c. Nigerian Investment Promotion Commission
 - d. Securities and Exchange Commission
3. Certificate of capital importation is usually issued by:

- a. Securities and Exchange Commission
- b. Central Bank of Nigeria
- c. Nigerian Investment Promotion Commission
- d. Ministry of Trade and Interior

4. Business cannot be carried out in all of the following except:

- a. Arms and ammunition
- b. Narcotics and psychotropic drugs
- c. Military wears
- d. Steel production

At the International Conference for trade liberalisation held at the headquarters of the World Trade Organisation, Geneva, Switzerland, the President of Nigeria, Muhammadu Buhari, while delivering an address, stated that Nigeria is committed to promoting international trade and emphasised that the country is now more than ever receptive to foreign investors especially in the agriculture and technology sectors and thus appealed to investors to invest in the country. As a result of the address of the President, Shinzu group of companies in China has decided to come to Nigeria to set up an Artificial Intelligence Company with the goal of helping Nigeria develop its technologies.

Answer the following questions

5. Which of the following is not exempted from registration under Section 56, CAMA?
 - a. Foreign companies invited by or with the approval of the Federal Government to execute any specified individual project
 - b. Foreign companies which is in Nigeria to execute a specific loan project on

behalf of a donor country or international organisation

- c. Foreign government owned companies engaged solely in import promotion
- d. None of the above

6. None of the following is incorrect about Shinzu Group of Companies in Nigeria except:

- a. The company does not qualify for exemption
- b. The company qualifies for exemption
- c. It seeks to undertake foreign direct investment in Nigeria
- d. It will not have the status of an unregistered company

7. Assuming Shinzu Group of Companies has incorporated a company in Nigeria and desires to bring in a large amount of foreign loan through an authorised dealer; one of the following is not an incentive available in respect of the foreign loan:

- a. Unfettered repatriation of profits made from the investment
- b. Exemption from money laundering investigations
- c. Unfettered right to alter the object clause in the Memorandum of Association to include manufacturing of military wears
- d. Unfettered right to purchase the equity of any Nigerian thus leading to 100% foreign ownership

8. One of the following statements is wrong.

- a. An exempted company has the status of an unregistered company.
- b. Any exempted company must file its annual returns every calendar year to the CAC.

- c. A foreign company can sue and be sued in Nigeria.
- d. None of the above.

9. The saying "an exempted company has the status of unregistered company" means none but one of the following:

- a. An exempted company is exempted from payment of company taxes
- b. An exempted company is exempted from filing annual reports
- c. An exempted company cannot sue or be sued in Nigeria
- d. An exempted company is exempted from holding General meetings

10. The major legislation that regulates incentives and reliefs to foreign businesses in Nigeria is:

- a. Foreign Exchange (Monitoring and Miscellaneous Provisions) Act
- b. Companies Income Tax Act
- c. Industrial Inspectorate Act
- d. The Nigerian Investment Promotion Commission Act

11. The business capitalisation of Shinzu Group of Companies is ₦30,000,000. With that amount, the company is automatically entitled to the maximum expatriate quota of:

- a. 2 positions
- b. 3 positions
- c. 4 positions
- d. 5 positions

12. The types of expatriate quota do not include:

- a. Permanent until reviewed
- b. Temporary
- c. Fixed

d. None of the above

13. Assuming Shinzu Nigeria Ltd is incorporated to carry on business in mining solid minerals, it shall be exempted from tax for the first ____ years of operation?

- a. 5 years
- b. 3 years
- c. 2 years
- d. 1 year

14. The NOTAP Act requires every contract or agreement between Nigerians and Non Nigerians involving transfer of foreign technology to be registered not later than

- a. 30 days
- b. 60 days
- c. 90 days
- d. None of the above

15. All but one of the following are considered as technology under the NOTAP

- a. Use of trademarks
- b. Use of patented inventions
- c. Supply of technical expertise
- d. Supply of Service routers

16. An incentive that allows you get back import duties paid is:

- a. Duty draw back
- b. Duty repatriation
- c. Pioneer status
- d. Duty reservation

17. All but one of the following does not require CERPAC:

- a. Accredited diplomats
- b. ECOWAS citizens

c. Children below 15 living with their parents

d. A foreigner staying in Nigeria for more than 3 months

18. CERPAC means:

- a. Combined Expatriate Registration Permit Authorised Card.
- b. Combined Expatriate Residence Permit and Aliens Credit.
- c. Combined Expatriate Residence Permit and Allowance Card.
- d. Combined Expatriate Residence Permit and Aliens Card.

19. Foreign Indirect Investment is also known as

- a. Foreign Portfolio Investment
- b. Foreign Direct Investment
- c. Foreign Trade Investment
- d. None of the above

20. The following are the procedures an alien who wants to do register a business in Nigeria must follow except:

- a. Registration of the proposed company with the corporate affairs commission
- b. Registration of the company with the Central Bank of Nigeria
- c. Application for relevant permits and approvals
- d. Registration of the company with the Nigerian Investment Promotion Commission

21. Assurances to foreigners to encourage them to invest directly in Nigeria with foreign loan include all but one of the following:

- a. The repatriation of capital and profit

- b. Purchase of foreign currency at the official rate from Central Bank of Nigeria
- c. Exemption from registering a company in Nigeria
- d. Prompt and adequate payment of compensation upon nationalisation of the foreign investment.

22. The authority with the power to determine such other items that may be included in the negative list under the NIPC Act is

- a. Nigerian Investment Promotion Commission
- b. The Federal Executive Council
- c. The Securities and Exchange Commission
- d. The Ministry of Trade and Investment

23. The maximum accumulated tax holiday available to an industry with pioneer status in Nigeria is:

- a. 5 years
- b. 3 years
- c. 7 years
- d. 4 years

24. The minimum amount of debt that can be considered under the debt-equity scheme/programme is:

- a. £150,000
- b. \$150,000
- c. \$250,000
- d. £250,000

25. Which of these cannot apply for exemption under section 56 of CAMA?

- a. Mr. Acmed, a foreign engineer desirous of working on a project for Lullaby and Sons Ltd
- b. A firm of engineers from Pakistan invited by the Abere Local Government with the approval of the Federal Government
- c. Lympho (Israeli) Inc. invited under the MOU between WTO and Nigerian Ministry of Trade
- d. Lee Kwan Yew Textiles Inc, a Chinese Government-owned company that exports textiles from Nigeria

26. A foreign company seeking exemption from registration as a Nigerian company has to apply to____

- a. The Secretary General of the Federation
- b. The President of Nigeria
- c. The Attorney General of the Federation
- d. The Minister of Trade and Investment

ANSWERS
WEEK 8
FOREIGN PARTICIPATION
IN NIGERIAN ECONOMY

1. (B) It is incorrect to say that an exempted company cannot sue or be sued in Nigeria. See Sec. 60(b) CAMA.
2. (A) The Federal High Court is not needed at all.
3. (B) Certificate of Capital Importation is issued by CBN
4. (D) All the options apart from D contain things in the negative list in Sec. 17, 18 and 31 of the NIPC Act.
5. (C) What Sec. 56 CAMA provides for is foreign government-owned companies engaged solely in **export** , not import promotion activities, not import.
6. (B) This is because what the President did at the conference was a mere invitation to treat, and not the invitation within the contemplation of Sec. 56(1)(a), CAMA
7. (C) Manufacturing of military wears is a matter in the negative list, which a foreign company cannot lawfully do in Nigeria
8. (B) Exempted companies are expected to file annual reports, not annual returns. Sec. 57 CAMA
9. (A) When we say an exempted company has the status of an unregistered company, it means the company is exempted from payment of taxes
10. (B)
11. (C) Business capitalization of ₦30,000,000 are automatically entitled to 4 expatriate quotas, while that of ₦15,000,000 are automatically entitled expatriate quota of 2 positions
12. (C) There are two types of expatriate quotas: Permanent until reviewed and temporary.
13. (B) Sec. 36, CITA
14. (B) Sec. 5(2) NOTAP Act
15. (D) Sec. 4 NOTAP Act
16. (A)
17. (D)
18. (D)
19. (A) Another name for foreign portfolio investment is foreign indirect investment. It entails buying shares in a Nigerian company.
20. (B) Companies are not registered with CBN. CBN has its specific role it performs.
21. (C) Exemption from registering a company is a different matter from bringing foreign loan through an authorized dealer.
22. (B) See Sec. 31, NIPC Act
23. (A)
24. (C) It's dollars not Pounds
25. (A) Section 56 CAMA.
26. (B) Application for exemption is made to the President. Section 56(1) CAMA.

WEEK 9

POST INCORPORATION MATTERS

1. Vodka Bank PLC was incorporated on the 1st of April, 2020. The following are preliminary matters post incorporation expected of the newly formed company except:

- a. Statutory declaration of compliance
- b. Publication of name
- c. Preparation and keeping of statutory books
- d. Filing of statement of affairs

2. Vodka Bank PLC must publish its name on all but one of the following:

- a. Name plate outside all its offices
- b. Common seal
- c. Officers' houses
- d. Correspondence and official documents

3. The statutory books Vodka Bank PLC is expected to keep do not include:

- a. Register of returns to CAC
- b. Register of substantial interest in shares
- c. Register of charges
- d. Accounting Records

4. Within how many days after registering the company with CAC must the name of its subscribers be entered in the register of members?

- a. 30 days
- b. 1 month
- c. 21 days
- d. 28 days

5. None but one of the following is correct about index of members:

- a. It is required for all public companies
- b. It is required for all public companies having more than 50 members
- c. It is required for all private companies
- d. It shall, at all times, be kept in a different place from the register of members

6. A person is said to have substantial interest in shares when he holds ____ of unrestricted voting rights in a company:

- a. 15%
- b. 20%
- c. 10%
- d. 50%

7. A person is required to give notice of being a substantial shareholder in a Public Company within how many days of becoming aware to the company?

- a. 40 day
- b. 30 days
- c. 14 days
- d. 15 days

8. Which of the following laws relating to Corporate Law Practice will you look into to know when and how to file the statement of Affairs of Vodka Bank PLC?

- a. Central Bank of Nigeria Act
- b. Companies and Allied Matters Act
- c. Investment and Securities Act
- d. Banks and other Financial Institutions Act.

9. The Statement of Affairs must be filed with which of the following regulatory authorities?

- a. Central Bank of Nigeria

- b. Corporate Affairs Commission
- c. Securities and Exchange Commission
- d. The Nigerian Stock Exchange

10. Who among the following is by Law entitled to a copy of the statement of Affairs of the Bank?

- a. The Director of the Company
- b. The Company Secretary
- c. The Creditor of the Company
- d. The Auditor of the Company

11. Every year during which the bank carries on business, its Statement of Affairs must be filed on:

- a. First Tuesday in every February and first Monday in every August
- b. First Tuesday in every September and first Thursday in every January
- c. First Monday in every January and first Friday in every October
- d. First Monday in every February and first Tuesday in every August

Two major incidents that took place in the country within the 2nd quarter of 2012 drew the attention of the people to the field of corporate law practice. They are: the identity of the persons behind the companies implicated in the fuel subsidy scandal report; and the due registration of the ill-fated Dana Airlines Limited, that crashed on June 3rd 2012.

Answer the following questions

12. The Report which describes the outcome of the search is called?

- a. Land Registry Search Report
- b. Status Enquiry Search Report
- c. Corporate Search Report

- d. Availability Search Report

13. The document obtained in the course of the search can be validly certified as a public document by:

- a. High Court of the State
- b. Federal High Court
- c. Corporate Affairs Commission
- d. Central Bank of Nigeria

Emirate Nigeria PLC was incorporated in 2018. The company desires to change its name to Stamford Nigeria PLC.

Answer the following questions

14. The procedure for change of name of the company includes the following except:

- a. Availability check and reservation of name
- b. Application to SEC to register the new name
- c. Holding a General meeting of the company to pass the necessary resolution
- d. Alteration of the common seal, certificate and letter heads of the company

15. The type of resolution Emirate Nigeria PLC must pass at the general meeting to change its name is:

- a. Unanimous resolution
- b. General resolution
- c. Ordinary resolution
- d. Special resolution

16. One of the following is not part of the documents to be submitted to CAC in order to validly change the name of the company:

- a. Copy of the resolution passed at the General meeting to change the name
- b. Original certificate of incorporation
- c. Copy of the balance sheet of the company not exceeding 6 months
- d. Evidence of payment of filing fees

17. Upon successful change of name, CAC is expected to do the following except:

- a. Publication of name in a daily newspaper
- b. Advertisement of change of name in an official Gazette
- c. Issuance of New certificate of incorporation
- d. Enter the new name of the company in the register of companies

18. Upon change of name of the company, the company is expected to do the following except:

- a. Alter the MEMOART to reflect the new name
- b. Alteration of the common seal, letter heads and official correspondence to reflect the new name
- c. Apply to the Federal High Court for sanctioning the new name
- d. Advertisement of change of name in a daily newspaper circulating worldwide

19. A compulsory change of company name can be effected by the Corporate Affairs Commission if petition is sent within _____

- a. 6 weeks of the registration of the company
- b. 6 months of registration of the company
- c. 3 months of discovery of the infringement
- d. 3 months of registration of the company

20. If CAC directs that the name of a company be compulsorily changed, what's the time frame for complying with such direction?

- a. Within 6 weeks from the date of the direction
- b. Within 4 weeks from the date of the direction
- c. Within 6 months from the date of the direction
- d. Within 4 months from the date of the direction

21. The procedure for change of name is contained in what section of CAMA?

- a. Section 30
- b. Section 31
- c. Section 29
- d. Section 32

At the Annual General Meeting of New Age Nigeria LTD held on the 28th of April, 2019, the following resolutions were proposed and duly passed:

- i. The object clause of the company should be altered to include dealing in production and sale of clothes.
- ii. The company be converted and re-registered as a public company.
- iii. The authorised share capital should be increased from ₦10,000,000 to ₦50,000,000 by the creation of additional 40,000,000 ordinary shares of ₦1 each to rank pari pasu with existing shares of the company.

Answer questions 22-34 using the scenario

22. The type of resolution required to alter the object clause of the company is:

- a. Ordinary resolution
- b. General resolution
- c. Unanimous resolution
- d. Special resolution

23. Before the alteration of the object clause can be valid, the company is required to wait for how many days for possible objections to the alteration?

- a. 21 days
- b. 28 days
- c. 25 days
- d. 30 days

24. One of these persons cannot challenge the alteration of the object clause:

- a. Holders of 15% of issued shares of the company
- b. Secured debenture holders
- c. A member who lost the vote
- d. None of the above

25. If at the end of the protesting period, no petition was filed against the alteration and when returns were made to CAC, the Commission refused to register the alteration, the appropriate Court to appeal the Commission's decision to is:

- a. Investments and Securities Tribunal
- b. Court of Appeal
- c. Federal High Court
- d. National Industrial Court

26. The resolution required under the Companies and Allied Matters Act to validly increase the share capital of the company is:

- a. Ordinary resolution
- b. Special resolution
- c. Unanimous resolution

- d. General resolution

27. Within how many days of passing the resolution increasing the share capital must the Company give notice of that to CAC?

- a. 14 days
- b. 15 days
- c. 21 days
- d. 1 month

28. The form to be filled for return of increase in share capital is

- a. FORM CAC 2.4
- b. FORM CAC 2A
- c. FORM CAC 2.7
- d. FORM CAC 2.1

29. The following are the documents required to be filed with the Corporate Affairs Commission in order to increase the share capital of the company except:

- a. Printed copy of the notice of increase
- b. A copy of the resolution
- c. A statement of increase duly stamped
- d. A copy of the Balance sheet

30. Post increase of share capital action required of New Age Nigeria LTD includes all but one of the following:

- a. Obtaining certificate of increase from CAC
- b. Annexing a copy each of the resolution and certificate of increase to the Memo of the company
- c. Publication of the increase in at least 2 national newspapers
- d. None of the above

31. Within 6 months of passing the resolution increasing the share capital, the least total
Ayekukehinde@gmail.com (+2348134020598) 28

amount of shares that must be issued by the company is:

- a. 12,000,000
- b. 20,000,000
- c. 12,500,000
- d. 15,000,000

32. One of the following does not need the confirmation of the Federal High Court to be valid:

- a. Re-registration of LTD to PLC
- b. Re-registration of PLC to LTD
- c. Reduction of share capital of a company
- d. None of the above

33. Which of these is not one of the alterations to be made by New Age PLC in its Memorandum after its re-registration as a public company?

- a. The name clause
- b. The type clause
- c. The liability clause
- d. None of the above

34. Which of these is not one of the alterations to be made by New Age PLC in its Articles after its re-registration as a public company?

- a. Any clause on the qualification of a company secretary must be amended to reflect that required for PLC
- b. Any clause allowing written resolutions for General meetings must be deleted
- c. Subscription clause must be altered
- d. Clause on restriction on the transfer of shares must be removed

35. A person seeking to cancel a resolution for re-registration of a Public Company to Private Company must have not less than

- a. 10% of Company's share capital
- b. 15% of Company's share capital
- c. 20% of Company's share capital
- d. 5% of Company's share capital

36. It is statutorily required for a Public Company applying for re-registration as a Private Company to wait for possible objections for a period of?

- a. 14 days
- b. 28 days
- c. 21 days
- d. 30 days

37. The CAC form to be filled for application for re-registration of New Age Ltd as a public company is

- a. CAC FORM 2.6
- b. CAC FORM 2.7
- c. CAC FORM 2.4
- d. CAC FORM 2.1

Platinum Solutions Ltd was incorporated on the 10th of December, 2015 with its registered office at Enugu, Enugu State. The company was incorporated to carry on the business of sale and installation of ICT equipment and accessories with a share capital of ₦10 million. Sometime in 2017, Mr. Kinsley Eze, a director of the company in one of his several trips abroad met a Chinese by name, Yuam Jung who owns a company that manufactures ICT equipment and accessories in China. Mr. Yuam Jung agreed to bring his wealth of experience in exchange for shares in the company and it was agreed that Platinum Solution Ltd will be registered as Platinum Solution Plc.

Answer the following questions

38. As the Company Secretary of Platinum Solution Ltd, the Statutory Registers the company must keep before its re-registrations are as follows except:

- a. Register of members
- b. Register of charges
- c. Register of substantial interest in shares
- d. Register of Directors and Secretaries

39. None of the following statements is incorrect except one

- a. All public companies are required to keep index of members
- b. A private company can have a register of director's shareholding
- c. The register of members needs not be kept at the registered place of business provided it is within Nigeria
- d. All companies are required to keep accounting records.

40. One of the following is not a prohibited re-registration under CAMA:

- a. ULTD - PLC
- b. PLC - ULTD
- c. ULTD - GTE
- d. ULTD - LTD

41. Online reservation of name can be done for a period of:

- a. 60 days
- b. 30 days
- c. 90 days
- d. 2 months

42. For a company limited by guarantee to increase its share capital, it must pass a/an:

- a. Ordinary resolution
- b. Special resolution

- c. Unanimous resolution
- d. None of the above

ANSWERS

WEEK 9

POST INCORPORATION MATTERS

1. (A) Statutory declaration of compliance is done prior to incorporation of the company. And as Vodka Bank PLC is a financial institution, statement of affairs is a post-incorporation matter for the company.
2. (C) See Sec. 548 CAMA. A company is required to publish its name outside all its offices, common seal and its official documents like bills of exchange, promissory notes etc.
3. (A) Register of Returns to CAC is not a statutory book known to CAMA.
4. (D) 28 days. See Sec. 83(2) CAMA
5. (B) That is the only correct option in the list of options. Index of members is only required for companies having membership of more than 50. There are public companies with less than 50 members. Sec. 85, CAMA.
6. (C) See Sec. 95(2) CAMA
7. (C) Sec. 95(3) CAMA
8. (B) Sec. 553, CAMA. It's CAMA that governs the procedure of how financial institutions should file their statements of affairs and provides for those who are entitled to a copy of it.
9. (B) It's the CAC. Sec. 553, CAMA.

10. (C) Only members and creditors of the company are entitled to a copy of the statement of affairs of the company. Sec. 553(3) CAMA.
11. (D) Sec. 553(1) CAMA.
12. (C) It's called corporate search report.
13. (C) CAC is the appropriate authority to certify the document as a public document.
14. (B) There is nothing that concerns SEC with a company's desire to change its name. It's a matter within the jurisdiction of CAC.
15. (D) Special resolution is needed to change a company's name. Reg. 24, Companies Regulations, (CR) 2012.
16. (C) Copy of the balance sheet of the company is not required for change of a company's name, but required for re-registration of a private company as a public company. See. Reg. 24, CR and Sec. 50, CAMA.
17. (A) It is not CAC's duty to advertise the new name in the newspaper, but that of the company. Sec. 31(5-7), CAMA.
18. (C) The Federal High Court is not required to sanction the new name of a company before it can be valid.
19. (B) For a compulsory change of name, petition must be sent within 6 months of registration of the company, or of the company registering under the new name sought to be changed. And if CAC directs that the company in question should change its name, the direction must be complied with within 6 weeks or such longer period the Commission may allow. Sec. 31(1), CAMA
20. (A)
21. (B)
22. (D) Special resolution is required to change the object clause of a company. Reg. 25, CR, Sec. 46, CAMA.
23. (B) This is to enable members or debenture holders who didn't participate in the vote to petition the court for objection to the resolution for change of the object clause of the company. Sec. 46(3), CAMA
24. (D) A careful reading of the proviso to Sec. 46(2) shows that a member who lost the vote can still petition the FHC. Those that are expressly barred are those that consented to or voted in favour of the alteration.
25. (C) It is the Federal High Court. Sec. 46(8), CAMA.
26. (A) Although Sec. 102 is silent on the type of resolution to use, NLS's position is that ordinary resolution is used to increase the share capital of a company. This is notwithstanding Reg. 29, CR.
27. (B) 15 days. Sec. 102(2), CAMA, Reg. 29, CR.
28. (A)
29. (D)
30. (C) There is no requirement of publication of the notice of increase in 2 national newspapers.
31. (C) 25% of the new authorized share capital of the company must be issued within 6 months of the increase. 25% of 50,000,000 is 12,500,000.
32. (A) Re-registering a private company as a public company does not involve the Federal High Court. But reduction of a share capital of a company and re-registering a public company as a private company do. Sec. 106, CAMA, Sec. 53, CAMA.

33. (C) The liability clause of a private company re-registered as a public company remains the same. As for New Age, it is still limited by shares.
34. (C) The subscription clause of a company remains the same, no matter the re-registrations it undergoes. The subscription clause contains the particulars of the promoters (subscribers) of the company.
35. (D) It's 5%. See Sec. 53(3)(a) CAMA.
36. (B) 28 days. Sec. 53(4), CAMA
37. (B) Form CAC 2.7
38. (C) Platinum Solutions Ltd as a private company is not expected to have register of substantial interest in shares. The register is to be kept by public companies with members having substantial interest in shares. Sec. 95, CAMA.
39. (A) Not all public companies are required to keep index of members. It is only public companies with more than 50 members that are required to keep it.
40. (D) An unlimited liability company can lawfully be converted to a limited liability company.
41. (A) Sec. 32, CAMA.
42. (D) Because (LTD/GTE) do not have share capital. So, there is nothing to increase.

WEEK 10-14

CORPORATE GOVERNANCE

1. The following are Codes of Good Corporate Governance in Nigeria except
 - a. Code of good corporate governance for Telecommunications Industry
 - b. Code of good corporate governance for banks and discount houses issued by the Central Bank of Nigeria, 2014
 - c. Code of good corporate governance for investments industries in Nigeria issued by the Nigerian Investment Promotion Commission, 2019
 - d. Code of good corporate governance for public companies issued by the Securities and Exchange Commission, 2013
2. In the light of International Benchmark on Good Corporate Governance as adopted in Nigeria, one of the following is wrong:
 - a. The office of the chairman of a company and the CEO shall not be occupied by the same person
 - b. The office of the chairman of a company shall be occupied by an executive director
 - c. In the composition of the board of directors, non-executive directors shall be more in numbers than executive directors
 - d. Not more than 2 members of a family should be part of the board of directors
3. What's the full meaning of OECD
 - a. Organisation for European Communities and Development

- b. Organisation of European Co-operation and Development
- c. Organisation for Economic Co-operation and Development
- d. Organised European Communities for Development

Mr. Mike Ijesha aged 75, a business Mogul has concluded plans to invest in the Banking sector in Nigeria. In furtherance of this, he has consulted you to facilitate the incorporation of New Age Bank (Nigeria) PLC. He intends to take 80% of the total authorised share capital of the company at its formation. Also, he has plans to make himself and his wife, Mrs Ijesha to be the directors of the company. They intend to serve as the MD/CEO and Chairman of the company respectively.

Answer the following questions 4-6

4. In the light of the CBN code for good corporate governance for banks and discount houses, what's the minimum authorised share capital of the proposed company?

- a. N500,000
- b. N20,000,000
- c. N25,000,000,000
- d. N25,000,000

5. What's the minimum number of directors the company is expected to have?

- a. 5
- b. 2
- c. 10
- d. 6

6. What's the maximum percent of equity ownership Mr. Mike Ijesha can have in the company?

- a. He can have as much as 99%
- b. 20%
- c. 50%
- d. 5%

7. The Nigerian Code of Good Corporate Governance 2018 was established by:

- a. Securities and Exchange Commission
- b. The Central Bank of Nigeria
- c. The Financial Reporting Council of Nigeria
- d. The Corporate Affairs Commission

8. The theory of good corporate governance which posits that the company has more than the interest of its owners and employees at stake, but also that of the General public is:

- a. The German Model Theory
- b. The Agency Theory
- c. The Stewardship Theory
- d. The Stakeholder Theory

9. The following except one are some international best practices on good corporate governance:

- a. Unrestricted right to own large number of shares in large companies
- b. Transparency in the procedure for the appointment of auditors
- c. Adherence to the rules of corporate democracy and sovereignty
- d. Regular re-election of directors

10. None of the following is not among the stakeholders involved in the affairs of a company except:

- a. Creditors
- b. Suppliers
- c. Government

d. None of the above

11. The following are recognised ways of appointing directors of a company except:

- a. By the subscribers in the Memorandum of Association
- b. By naming them in the Articles of Association
- c. By a named person in the Articles of Association
- d. None of the above

12. The resolution for the appointment of directors of a company is

- a. Ordinary resolution
- b. General resolution
- c. Unanimous resolution
- d. Special resolution

13. Which of the following statements is false?

- a. A written resolution can be used to appoint directors of a private company
- b. Generally, a single resolution can be used to appoint multiple directors of a private company
- c. Generally, a single resolution can be used to appoint multiple directors of a public company
- d. None of the above

14. Who appoints the Managing Director of a company?

- a. The shareholders at the General Meeting
- b. The Board of Directors at the Board Meeting
- c. The Court
- d. Any of the above

15. At the Annual General Meeting of Marvel Studios Nigeria Ltd held on the 20th of March,

2020 at the company's headquarters in Lagos, Nigeria, there was a bomb blast in the room where all the shareholders and directors of the company were, killing all of them at the same time. What first step should be taken in this regard to keep the activities of the company going?

- a. Application to the Corporate Affairs Commission for an order to convene a meeting of all the personal representatives of the shareholders
- b. Application to the Corporate Affairs Commission for an order to convene a meeting of all the creditors of the company
- c. Application to the court for an order to convene a meeting of all the personal representatives of the shareholders
- d. Application to the Court for an order to convene a meeting of all the creditors of the company

16. Where share qualification is required, a director who is not qualified must obtain his share qualification within _____after his appointment

- a. 21 days
- b. One month
- c. Three months
- d. Two months

17. All but one of the following are generally entitled to remuneration:

- a. Managing Director of the company
- b. Chairman of the company
- c. Company Secretary
- d. Executive directors

18. An alternate director is appointed by the substantive director subject to confirmation of:

- a. The General meeting
- b. The Board of Directors
- c. All of the above
- d. None of the above

19. A company can be all, except one of the following:

- a. Member of another company
- b. Auditor of another company
- c. Secretary of another company
- d. None of the above

20. The section of the Companies and Allied Matters Act dealing with life director is:

- a. Section 254
- b. Section 257
- c. Section 256
- d. Section 255

21. A director or member of a company who knows that a company carries on business after the number of directors has fallen below two for more than _____ shall be liable for all liabilities and debts incurred by the company during that period when the company so carried on business

- a. 60 days
- b. 30 days
- c. 2 months
- d. 3 months

Marvel Studio PLC was incorporated in Nigeria in September 2019. The company has 300 members and has the following persons as its first directors: Tony, E. Elumelu, chairman of the company and a life director, Warren Buffet (director of operation), Bill Gates (a non-executive director), Melinda Brown (an

executive director) and Steve Jobs (director of finance). The company has scheduled the 30th of June, 2020 as the day for its first Annual General Meeting and part of the agenda is the proposal of the following persons for appointment as directors of the company: Ngozi Iweala, aged 72 and Dangote Aliko, aged 17.

Answer the following questions

22. The following are the directors that are required by Companies and Allied Matters Act to retire at the Annual General Meeting:

- a. Tony E. Elumelu, Warren Buffet, Bill Gates, Melinda Brown and Steve Jobs
- b. Warren Buffet, Bill Gates, Melinda Brown and Steve Jobs
- c. Tony E. Elumelu, Bill Gates, Melinda Brown and Steve Jobs
- d. Tony E. Elumelu, Warren Buffet, Melinda Brown and Steve Jobs

23. All the following except one are correct as regards the proposed appointment during the AGM:

- a. The two nominees are qualified for appointment
- b. The resolution required for appointment is ordinary
- c. Special notice is required for the appointment of Ngozi Iweala
- d. None of the above

24. Under the Companies and Allied Matters Act, the quorum for the Annual General Meeting of Marvel Studios PLC shall be:

- a. 100
- b. 50
- c. 30
- d. 25

25. Upon subsequent appointment of directors at the General meeting of a company, which of the following returns must be filed at the Corporate Affairs Commission?

- a. CAC FORM 1.1
- b. CAC FORM 2.1
- c. CAC FORM 7A
- d. CAC FORM 7

26. The return you have identified above must be filed within how many days of the appointment?

- a. 21 days
- b. 14 days
- c. 7 days
- d. 15 days

27. "But times have changed. A Company Secretary is a much more important person nowadays than he was in 1887." This was the view of Lord Denning MR in:

- a. Barnnet, Hoares Co Ltd v South London Tramways Co
- b. Panorama Guildford Ltd v Fidelis Furnishing Fabrics Ltd
- c. Re City Equitable Fire Insurance Co Ltd
- d. Regal Hastings v Gulliver

28. The appointment of a company secretary is done by:

- a. Board of Directors
- b. Managing Director
- c. Chairman of the Company
- d. Members in General Meeting.

29. As a general rule, the minimum and maximum age limit for appointment as a Director in private companies is

- a. 21 years and 70 years respectively
- b. 18 years and 70 years respectively
- c. 18 years and 75 years respectively
- d. 18 years and none respectively

30. The following directors can be removed from office by the company except:

- a. Managing Director
- b. Chairman of the Board of Directors
- c. Life Director
- d. None of the above

31. All the following except one are publications required of directors:

- a. Register of directors' shareholding
- b. Register of directors and secretary
- c. Publication of name and particulars in trade catalogues
- d. None of the above

32. The following except one are instances where special notice is required:

- a. Removal of director
- b. Removal of an auditor before expiration of his term of office
- c. Change of name of a company
- d. Appointment of a person who is above 70 years as director of a PLC

Delicious Pizza Ltd was incorporated in 2018. At its incorporation, the company had two directors: Sharon and Unique. At its first Annual General Meeting held in December, 2019, the company re-elected the first directors and appointed Goodness, Joel, Joy and Mercy as other directors of the company. The company is set to have its second Annual General Meeting in December 2020.

You followed your principal, Mr. Yusuf Emmanuel to the meeting, who was invited to give advice on certain issues, one of which was determining the exact number of directors that should retire at the meeting.

Answer the following questions

33. Under the Companies and Allied Matters Act, the directors that should retire at the meeting are:

- a. All the directors
- b. Sharon and Unique
- c. Sharon, Unique and Goodness
- d. Sharon, Unique and any other director who is willing

34. The following are instances where a retiring director will not be deemed re-elected at the meeting where he retires, except:

- a. In default, where the retiring director offers himself for re-election
- b. Where the company resolves not to fill the vacated position
- c. Resolution for the re-election of the director had been put to vote and lost
- d. Another person has been nominated for appointment in place of the retiring director

35. The exception to the retirement by rotation rule applicable to directors includes one of the following:

- a. Life directors
- b. If the Articles of Association permit otherwise
- c. If the Memorandum of Association permits otherwise
- d. A and B

36. The fiduciary duties the directors of Delicious Pizza LTD owe the company do not include:

- a. Duty of care and skill
- b. Duty not to make secret profits
- c. Duty not to fetter discretion to vote in a particular way
- d. Duty to exercise power for proper purpose

37. The decision of the Board of Directors is usually

- a. Unanimous resolution
- b. Special resolution
- c. Ordinary resolution
- d. General resolution

38. For a written resolution of the directors to be valid, it must be signed by

- a. Two-third majority of the directors
- b. Three-fourth majority of the directors
- c. A simple majority of the directors
- d. All the directors

39. A life director is not affected by which of the following rules:

- a. Removal from office
- b. Vacation of office
- c. Retirement by rotation
- d. All of the above

40. Gbadamose Jimoh is one of the directors of MVP Nigeria Ltd. He also doubles as the Secretary of the company. The company has prepared its balance sheet for the year to be submitted to CAC and such must be signed by a director and Secretary. In this instance, Gbadamose should:

- a. Sign both as the director and Secretary

Ayekukehinde@gmail.com (+2348134020598) 37

- b. Sign as the Secretary not a director
- c. Sign as the director not a Secretary
- d. Not sign at all

41. The following except one are qualified to be appointed Secretary of a public company

- a. A legal practitioner
- b. A member of the Chartered Institute of Arbitrators
- c. A member of the Chartered Institute of Secretaries and Administrators
- d. A member of the Institute of Chartered Accountants of Nigeria

42. The following except one are duties of a company Secretary before a meeting of a company

- a. Send out notice of meeting
- b. Receive notice of proxy attendance
- c. Draft resolutions of the meeting
- d. Publish additional notice in two newspapers

43. The Secretary of a public company can be removed by:

- a. The Managing Director
- b. The General Meeting
- c. The Board of Directors
- d. The Chairman of the Board

44. The following except one are resolutions the company Secretary must forward to CAC within 15 days of their passing

- a. Resolution for the removal of directors
- b. Unanimous class resolution
- c. Resolution to reduce the share capital of the company
- d. Resolution for voluntary winding up of a company

Udeh Kosisochukwu, Mariam Olufisayo, Chiamaka Odenigbo, Alufa Temijuopelo, Rasheed Ijaodola and Mafua Muiyiwa are the directors of Imperium IX Nigeria PLC. The company was incorporated on December 31, 2019. Your Principal is the company Secretary of the company and has invited you to the proposed board meeting.

Answer questions 45 – 51 using the above scenario:

45. The Board Meeting of Imperium IX Nigeria PLC must be held not later than

- a. June 30, 2020
- b. May, 31 2020
- c. July 30, 2020
- d. August 31, 2020

46. The following are the agenda of the first Board of Directors Meeting except:

- a. Appointment of Chairman
- b. Appointment of Managing Director
- c. Fixing the financial year of the company
- d. Appointment of first Secretary

47. The quorum of the meeting shall be

- a. All members
- b. 6
- c. 3
- d. 2

48. The Board meeting has power to do the following except:

- a. Remove the Company Secretary
- b. Increase the capital of the company
- c. Appoint Managing Director for the company
- d. Recommend dividend for the company

49. If the Chairman of the Board of Directors is not present within ____after the time appointed for the holding of Board of Directors Meeting, the directors present may choose one of their members to be Chairman of the meeting.

- a. 5 minutes
- b. 15 minutes.
- c. 1 hour
- d. 30 minutes.

50. The length of notice required under the Companies and Allied Matters Act to validly convene the meeting of the Board is

- a. 28 days
- b. 21 days
- c. 14 days
- d. 7 days

51. One of the following is the legal implication of a failure to have a quorum at the meeting:

- a. The meeting will stand adjourned to the same place, day and time the following week
- b. The chairman of the Board will take a decision that will be binding on the Board
- c. The General Meeting may act in place of the Board
- d. An application may be made to court for an order directing one Director to take decisions on behalf of the Board

During your externship programme, your law firm field supervisor gave you an assignment to draft the notice of the first meeting of the Board of Directors of Delicious Pizza LTD, a company he was contracted to incorporate in 2019.

Answer the following questions 52-56

DELICIOUS PIZZA LTD

4, MARINA ROAD, LAGOS ISLAND

RC No: 12344

..... 52

.....53 of the above named company will be held on the 20th of February, 2020 at the company's premises at 10:am to54 in the agenda except.....55

Dated this 7th day of February, 2019.

Signed.....56

Company Secretary

52.

- a. Notice of Annual General Meeting of the Board of Directors
- b. Notice of the first statutory meeting of the Board
- c. Notice of General Meeting of the Board
- d. Notice of first board of directors meeting

53.

- a. At the Extra-ordinary General Meeting
- b. At the Annual General Meeting
- c. Notice is hereby given that the first Board Meeting
- d. At the first Board Meeting

54.

- a. Pass the following resolutions
- b. Transact the following business
- c. Propose and if need be, pass the following resolutions
- d. Propose the following resolutions

55.

- a. Increasing the share capital of the company
- b. Fixing the financial year of the company
- c. Appointment of auditor of the company
- d. Appointment of the Chairman of the company

56.

- a. Name of the company Secretary
- b. By order of the Board
- c. Name of the Managing Director of the Company
- d. Signature of the company secretary

Emirate Bank PLC was incorporated on the 1st of December, 2019. The company is considering holding its statutory meeting before the end of the month of June, 2019. The principal of your law firm is the company secretary and has sought your views. Answer the following questions

57. The Bank must hold its statutory meeting not later than?

- a. 31st December, 2020
- b. 31st April, 2020
- c. 31st May, 2020
- d. 31st June, 2020

58. The following are entitled to receive notice of the statutory meeting except

- a. Every Member
- b. Every Promoter
- c. Every Director
- d. Every Auditor

59. Failure to hold statutory meeting could be a ground for

- a. Automatic winding up
- b. Members' voluntary winding up
- c. Creditors' voluntary winding up
- d. Compulsory winding up

60. The following statements are correct in respect of a statutory meeting except:

- a. It must be held within 6 months of incorporation
- b. It must be held by both public and private companies
- c. One of the agenda of the meeting must be to consider the statutory report
- d. It must be held in Nigeria

61. The business to be transacted at a statutory meeting do not include

- a. Matters relating to the formation of the company and commencement of business
- b. Consideration of the statutory report
- c. Presentation of financial statement of the company
- d. Discussing matters arising from the statutory report

62. The directors shall at least _____ before the day on which statutory meeting is held forward to every member a copy of the statutory report.

- a. 28 days
- b. 14 days
- c. 7 days
- d. 21 days

63. The appointment of the first Secretary of Emirate Bank PLC was done by?

- a. The Board of Directors
- b. The first subscribers/promoters
- c. Members in General Meeting

d. None of the above

64. The following are instances where voting by poll is disallowed except

- a. During board meetings
- b. Appointment of audit committee
- c. Removal of directors
- d. A and B

65. The responsibility of declaration of dividends is that of

- a. The General Meeting
- b. The Board of Directors
- c. All of the above
- d. None of the above

Sherlock Holmes Nigeria PLC is a company incorporated in Nigeria to promote technology as well as agriculture in the country. The first subscribers of the company are Williams Shakespeare, Thomas Hardy, Sir Arthur Colan Doyle and Charles Dickens. In early 2020, the company invited members of the public to purchase the shares of the company. Wole Soyinka purchased 500 shares and was given the necessary documents as evidence, but his name was accidentally omitted in the register of members by the company Secretary, Mr. Terry Goodking.

Answer the following questions 66-69

66. The ways of becoming a member of a company do not include

- a. Subscription
- b. Acquisition
- c. Allotment
- d. Transfer

67. From the scenario, the method through which Wole Soyinka sought to become a member of the company is:

- a. Allotment
- b. Acquisition
- c. Transfer
- d. Subscription

68. If after notifying the company of the omission of his name in the register of members of the company, and the company fails to do so, the appropriate remedy Wole Soyinka should seek is:

- a. Petition for winding up of the company
- b. Derivative action
- c. Investigation into the affairs of the company
- d. Rectification of register of members

69. The following are rights of members of a company except

- a. Right to notice of meeting
- b. Right to demand voting by poll
- c. Right to dividends even when not declared
- d. None of the above

Transverse Nigeria Ltd, a company dealing with business branding was incorporated on 25th August, 2018. At its first Annual General Meeting in January, 2020, the following resolutions were proposed and duly passed:

- i. That the company be re-registered as a public company
- ii. That the share capital of the company be increased from ₦100,000,000 to ₦500,000,000 by the creation of additional

200,000,000 ordinary shares of N2 each.

70. Which of the following is not an ordinary business to be conducted at the Annual General Meeting of Transverse Nigeria Ltd?

- a. Appointment of members of the audit committee
- b. Election of directors in place of those retiring
- c. Declaration of dividends
- d. Presentation of financial statements

71. Whose duty it is to prepare the financial statements of Transverse Nigeria Ltd?

- a. The General Meeting
- b. The Audit Committee
- c. The Board of Directors
- d. A Qualified Chartered Accountant

72. The following except one must be included in the financial statements of Transverse Nigeria Ltd:

- a. Statement of accounting policies
- b. Balance sheet as at the last day of the financial year
- c. Profit and loss account
- d. Directors' report

73. The following meetings must be held in Nigeria except:

- a. Statutory meeting
- b. Annual General Meeting
- c. Extra-ordinary General Meeting
- d. None of the above

74. All of the following except one are correct as regards Annual General Meeting?

- a. Where a Company holds its first AGM within 18 months of incorporation, it need not hold an AGM in that year or in the following year
- b. The CAC shall have power to extend the time within which the first AGM shall be held
- c. The CAC shall have power to extend the time within which any AGM shall be held by a period not exceeding 3 months
- d. Not more than 15 months should elapse between one AGM and the next

75. Assuming during the Annual General Meeting of the company, the chairman is late by _____, the members present can appoint one of the directors present to chair the meeting and if the directors refuse to accept to chairman the meeting, the members will appoint from among themselves, one of the members to chair the meeting

- a. 30 minutes
- b. 10 minutes
- c. 5 minutes
- d. 1 hour

76. At the Extra-ordinary General Meeting of Ebonyplus PLC requisitioned by a member of the company, Mr. Nike Furry, convened to discuss urgent business matters. After one hour of the scheduled time, no quorum was yet to be formed. Which of the following is an accurate reflection of the position of the law as a consequence of absence of quorum at the requisitioned meeting?

- a. The meeting stands adjourned to same place and time, the following week
- b. The meeting shall continue with the members present

- c. The meeting shall be dissolved and that will be the end of it
- d. The fate of the meeting is dependent on the decision of the Chairman

77. The following except one are businesses that can be transacted at an Extra-ordinary General Meeting:

- a. Declaration of dividends
- b. Resolution increasing the share capital of the company
- c. Resolution changing the name of the company
- d. Removal of directors

78. Which of these businesses transacted at an Extra Ordinary General Meeting is an ordinary business?

- a. Declaration of dividends
- b. Presentation of financial statement
- c. All of the above
- d. None of the above

79. The following statements are correct about the Chairman of Ebonyplus PLC except:

- a. The Chairman is the only person that has right to casting/second vote in the event of a tie in voting.
- b. The chairman presides over Board Meetings and General Meetings of the Company.
- c. Where the Chairman of the Company is late to the Board of Directors Meeting by 5 minutes, the other directors present can appoint one of themselves to preside at the meeting.
- d. The chairman sees to the day-to-day running of the company.

80. The following can validly convene general meetings of Ebonyplus PLC except

- a. Directors of the Company
- b. Secretary of the Company
- c. Members of the company holding not less than 1/10th of the total shares of the company
- d. The court

81. The notice required for all types of General meetings shall be from the date on which the notice was sent out

- a. 28 days
- b. 21 days
- c. 14 days
- d. 1 month

82. The circumstance where a shorter notice may be permitted for an Annual General Meeting of a company is

- a. Where it is agreed by the Corporate Affairs Commission
- b. Where it is agreed by special resolution of the company
- c. Where it is agreed by members representing 95% of the total voting rights of the company
- d. Where it is agreed by all the members of the company

83. Which of the following points on notice is incorrect?

- a. Every person entitled to be given notice must be served otherwise the meeting is invalid, notwithstanding that such non service was accidental
- b. All public companies in addition to personal service of notice of meeting

must advertise a notice of such meeting in at least two national dailies

- c. A misinterpretation of the provisions of CAMA on notice is not an accidental omission and does render the meeting invalid
- d. All of the above

84. Where a meeting commenced with the proper quorum, but some members withdraw, thus reducing the quorum,

- a. The Chairman must continue with the meeting because quorum is only required at the commencement
- b. The Chairman must adjourn the meeting because quorum is required throughout the meeting
- c. The Chairman has a discretion to continue with or adjourn the meeting depending on the reason for the withdrawal
- d. None of the above

85. Where a notice is sent by post and the letter is properly addressed and stamped, then the addressee is deemed to receive it within how many days after the letter is posted?

- a. 12 days
- b. 7 days
- c. 14 days
- d. 5 days

86. You followed your principal who is the company Secretary of Access Bank PLC to the company's Annual General Meeting held in September 2019. One hour into the meeting, when deliberations were made on dividends to be paid, there were disagreements among members which led to exchange of words. In a bid to frustrate the meeting, members who felt

aggrieved walked out maliciously with the intent that the quorum would not be met. Your principal was looked upon by the Chairman on what to do. In line with the provision of CAMA, the proper thing is?

- a. The meeting may continue with the members present and any decision reached will bind other members of the company
- b. The meeting shall be adjourned to the same place and time in a week's time
- c. Since there is absence of quorum with the members remaining, the Chairman should take a decision that will bind the company
- d. The Chairman should apply to CAC for guidance

87. Assuming the meeting was adjourned by the Chairman to the same place and time in a week's time and after one-hour, no quorum is yet to be formed, then:

- a. The meeting stands adjourned to the same day, place and time in another week's time
- b. The members present shall form the quorum
- c. The members present will proceed to the court to seek its direction
- d. The members present will proceed to CAC to seek its direction

88. Special resolution is resolution reached by not less than

- a. Two-thirds majority of total members of the company
- b. Two-thirds majority of total number of votes cast

- c. Three-fourths majority of total members of the company
- d. Three-fourths majority of total number of votes cast

89. The following except one are examples of decisions reached by special resolution

- a. Change of company's name
- b. Alteration of company's articles
- c. Appointment of auditors
- d. Variation of class rights

90. Special notice under Section 236 CAMA is for?

- a. 14 days
- b. 21 days
- c. 28 days
- d. 24 days

91. Nestle Nigeria PLC has just concluded its 15th Annual General Meeting where it transacted both ordinary business and special business. 100 members were in attendance out of the total 300 members of the company.

Answer the following questions 91 - 95

The ordinary business of an Annual General Meeting includes the following except:

- a. Presentation of the financial statements of the company for the end of the financial year
- b. Presentation of the audit committee's report
- c. Declaration of dividends
- d. Retirement of directors and appointment to replace the retiring ones

92. The quorum for the meeting was met because

- a. Up to one third of the company's member were in attendance
- b. Up to 25 members were in attendance
- c. Up to 100 persons were in attendance
- d. Quorum was not met because up to half of the members were not present

93. One of the special businesses was to remove Mr. Akindayo Bello as a director. 20 members voted in favour of the resolution while 8 members voted against same. Others refrained from voting. Which of the following is true about the resolution?

- a. The resolution will sail through because it is an Annual General Meeting
- b. The resolution will sail through because it is approved by the majority of members present and voting
- c. The resolution will not sail through because 20 members does not meet the required threshold for a meeting of 100 persons
- d. The resolution will not sail through because 75% majority of members is required

94. The Annual Return form must be filed within

- a. 14 days after the AGM was held
- b. 15 days after the end of the financial year
- c. 42 days of holding the AGM
- d. 42 days of sending the notice of AGM

95. One of the following is not entitled to the notice of the AGM

- a. The Company's Debenture Holder
- b. The Company Secretary
- c. The Company's Auditor

d. Chairman of the Audit Committee

96. The accounting records of companies are to be preserved for how many years from the date in which they were made

- a. 1 years
- b. 5 years
- c. 2 years
- d. 6 years

Standard Bank PLC was incorporated on the 2nd of January, 2020. The company's Board of Directors held their first meeting on the 1st of March and one of the agenda was the determination of the financial year of the company.

97. The financial year of the above company must be

- a. December 1 to November 30
- b. January 1 to December 31
- c. January 2 to January 1
- d. January 1 to December 30

98. In line with the provisions of the Companies and Allied Matters Act, the financial statements of Standard Bank PLC will be deemed published when

- a. It is submitted to the Central Bank of Nigeria
- b. It is laid before the General Meeting of the company
- c. It is delivered to the Corporate Affairs Commission
- d. B and C

99. The following are entitled to the company's financial statement as of right except:

- a. All members of the company

- b. Holders of debenture secured by a fixed charge
- c. Holders of debenture secured by a floating charge
- d. None of the above

100. Failure to deliver a copy of the financial statements of a company to a member who is entitled will

- a. Invalidate the meeting where the financial statements were laid
- b. Not invalidate the meeting where the financial statements were laid
- c. Give rise to liability of the company and every defaulting officer
- d. B and C

101. As held in the case of LIVESTOCK FEEDS PLC V. IGBINO FARMS, the best way of showing the financial position of a company at any given time is through its

- a. Accounting records
- b. Statement of income cash flow
- c. Audited statement of account
- d. Current account

102. A notice to be given in respect of an adjourned meeting is ordinarily not necessary except:

- a. The meeting is going to take place at a new place and time
- b. A new special business is to be transacted at the meeting
- c. The next adjourned date is beyond 20 days
- d. The next adjourned date is beyond 30 days

103. Appointment of first auditors of a company is by

- a. The members in General Meeting
- b. The Board of Directors
- c. The Managing Director
- d. Any of the above

104. At any AGM, a retiring Auditor however appointed shall be automatically re-appointed without any resolution passed unless in all but one of the following instances:

- a. A resolution has been passed at that meeting appointing someone else
- b. He became an officer of the company
- c. He has given the company notice in writing of his unwillingness to be re-appointed
- d. None of the above

105. The qualification for the appointment of a firm as a company's auditor is:

- a. If the principal partners of the firm are qualified for appointment as auditors
- b. If 50% members of the firm are qualified for appointment as auditors
- c. If and only if all the members of the firm are qualified as auditors
- d. A firm can't be appointed a company's auditor

106. The following persons are absolutely prohibited from appointment as auditors except

- a. An officer of the Company
- b. A body corporate
- c. A firm of auditors
- d. A partner of a servant of the Company

107. Identify the correct position of the law from the options below:

- a. Every company must keep accounting records and have an audit committee

- b. Public companies must keep accounting records and have an audit committee
- c. Every company must keep accounting records and may have an audit committee
- d. Private companies must keep accounting records and have an audit committee

108. One of the following audit committees is not properly constituted:

- a. 2 directors and 2 shareholders
- b. 3 directors and 3 shareholders
- c. 4 directors and 4 shareholders
- d. 1 director and 1 shareholder

The Annual General Meeting of Goodlife Ltd, with an annual turnover of ₦3,000,000, was held on the 24th of April, 2020 where all the ordinary businesses of an AGM were transacted alongside a few special businesses.

109. In filing the annual returns of the above named company, the appropriate form to be filled is:

- a. CAC FORM 10A
- b. CAC FORM 10B
- c. CAC FORM 10C
- d. CAC FORM 10D

110. All the following facts are true of a small company except:

- a. It is a private company
- b. Its annual turnover for a particular year is not more than ₦2 million naira
- c. None of its members is an alien
- d. Its net value for a particular year is more than ₦1 million but less than ₦2 million

111. The CAC has inherent powers under Section 525 to strike out the name of a company if:

- a. The company is unable to pay its debt
- b. The company flouts any of the provisions of CAMA
- c. The company is run in an unfairly prejudicial and oppressive manner
- d. The CAC has reasonable cause to believe that the company is not in operation

112. The time period for filing the annual returns for business name is

- a. Between January 1 and June 30 each year
- b. Between January 1 and July 30 each year
- c. Between June 30 and December 31 each year
- d. Between July 30 and December 31 each year

113. The stipulated time period for filing of annual returns for Incorporated Trustee is

- a. Between January 1 and June 30 each year
- b. Between January 1 and July 30 each year
- c. Between June 30 and December 31 each year
- d. Between July 30 and December 31 each year

114. Which of the following is not a minority protection action under CAMA?

- a. Application to commence derivative action

- b. Application to investigate the affairs of a company
- c. Application against unfairly prejudicial conducts
- d. None of the above

115. The locus classicus for the application of the rule of corporate sovereignty is

- a. Carlil v Carbolic Smoke Ball Co
- b. Foss v Harbottle
- c. Omisade v Akande
- d. Longe v First Bank of Nigeria PLC

116. Under section 299 CAMA, where there is a wrong doing against a company, the appropriate party to remedy the wrong doing is the:

- a. Members in General Meeting
- b. The Board of Directors
- c. The Managing Director
- d. Any of the above

117. The doctrine of corporate sovereignty connotes that in the management of a company,

- a. Ultimate power belongs to the company through minority members at General Meeting
- b. Ultimate power belongs to the company through majority of members in General Meeting
- c. Ultimate power belongs to the Board of Directors
- d. Ultimate power belongs to the Managing Director and Chairman of the company

118. Application for minority protection can be brought by all of the following except:

- a. Writ of summons
- b. Originating motion
- c. Originating Summons

d. Petition

119. One of the following reliefs will not be granted by the Court under Section 303 of CAMA:

- a. An order directing the applicants to sue the directors in the company's name
- b. An order mandating the applicants to sue the company in their personal capacity
- c. An order directing the applicant to sue a named third party in the company's name
- d. None of the above

Capital Gain Venture Ltd is a key player in the energy sector in Nigeria. The Board of Directors is divided along the line of the major political parties in Nigeria. They have failed to hold Board Meetings or convene a General Meeting of the company. There is evidence that the Chairman and the Managing Director are running the affairs of the company in a manner that is unfairly prejudicial and oppressive. They have consistently bought themselves personal properties from the company's account and embarked on different journeys to expensive places, claiming those were necessary journeys embarked on behalf of the company.

Answer the following questions

120. Which of the following is not relevant for the prosecution of a suit arising from the above scenario?

- a. Companies Proceeding Rules
- b. Federal High Court Rules
- c. Companies Investigation Rules
- d. Companies Winding up Rules

121. Which of the following will adequately address the alleged infraction of minorities' rights by the Managing Director and Chairman?

- a. Derivative Action
- b. Members Direct Action
- c. Representative Action
- d. Third Party Action

122. In the action you have identified above, one of the following is not a factor the Court will consider in granting leave to bring such action:

- a. The wrongdoers are the directors who are in control and will not take necessary action.
- b. The applicant is acting in good faith
- c. Special resolution of the company authorising the applicant to bring the application
- d. The action appears to be brought in the interest of the company

123. The following may apply to the Court under a derivative action as an applicant except:

- a. A registered holder or a beneficial owner and a formal registered holder or beneficial owner of security of the company
- b. A director or an officer or former director or officer of the company
- c. The Corporate Affairs Commission
- d. Any other person who in the discretion of the members is a proper person to make such an application

124. The reliefs the court may grant when a petition on the ground of unfairly prejudicial and oppressive conduct is brought includes all except one:

- a. Winding up of the company
- b. Directing a personal action to be brought by the members
- c. Appointment of receiver/manager
- d. Directing investigation to be conducted by CAC

Jane, Judith and Edet are the directors and shareholders of Jajudet Nigeria Limited. Jane and Judith conspired against Edet by refusing to carry him along in the management of the company. A huge sum of money was withdrawn from the company's account without reference to the Accountant and the auditor of the company. The company Secretary has refused to file returns as required.

Answer the following questions

125. One of these is not a legal mechanism through which Edet may seek protection under the Companies and Allied Matters Act

- a. Derivative Action
- b. Members Direct Action
- c. Investigation of the company by the Securities and Exchange Commission
- d. Application to court for compulsory winding up on just and equitable ground.

126. The specific application Edet will bring to the courts on grounds of unfairly prejudicial and oppressive conduct is:

- a. Originating Summons
- b. Originating motion
- c. Petition
- d. Writ of summons

127. A derivative action must be commenced by way of

- a. Originating Summons

- b. Originating motion
- c. Petition
- d. Writ of summons

128. Assuming Edet intends to bring an action for himself and on behalf of other members of the company; such action must come by way of

- a. Corporate action
- b. Representative action
- c. Committee action
- d. Derivative action

129. Assuming Edet decides to bring a derivative action, the proper parties before the Court in such an action will be

- a. Jajudet Nigeria Limited and Edet (plaintiffs) v Jane and Judith (defendants)
- b. Jajudet Nigeria Limited and Edet (Plaintiffs) v Jane, Judith and Jajudet Nigeria Ltd (defendants)
- c. Jajudet Nigeria Limited and Edet (Petitioners) v Jane, Judith and Jajudet Nigeria Ltd (Respondents)
- d. Jajudet Nigeria Limited and Edet (Petitioners) v Jane and Judith (Respondents)

130. The most appropriate court where the action against Jane and Judith can be commenced is

- a. High Court of a State.
- b. Federal High Court
- c. National Industrial Court
- d. Investment and Securities Tribunal

Just Imagine is a shareholder in Sound and Light Ltd. For three years in a row, Just Imagine was completely left out in the affairs of the company. She was not given notices of

meetings, and neither did she receive her share of the dividends declared consecutively. She later discovered this and found out the venue, date and time of the following Annual General Meeting of the company. While at the meeting, on a resolution of an increase in remuneration of the directors, her vote was discountenanced. The Chairman explained that as she was a lady, ladies were not entitled to vote at such meetings and on such resolutions.

She was so furious and has decided to embrace minority actions under CAMA.

131. If she decides to bring an action to declare that her rights have been infringed upon and seek an injunction to prevent further infringements, what mode will be most appropriate?

- a. Member's direct action
- b. Derivative action
- c. Petition against unfairly prejudicial and oppressive conduct
- d. Investigation into the affairs of the company

132. The following are capable of bringing an action for investigating the affairs of a company except

- a. A shareholder having 25% of the total issued shares of the company
- b. The company itself
- c. The Board of Directors of the company
- d. None of the above

133. After carrying out an investigation of a company by an inspector and recording his findings in his report, the following are uses of the report except:

- a. Bring civil proceedings on behalf of the company.
- b. Basis of criminal prosecution by the AGF
- c. Bring winding up petition in respect of the company
- d. None of the above

ANSWERS

WEEK 10-14

CORPORATE GOVERNANCE 1-5

1. (C) There is no Code of Good Corporate Governance (CGCG) issued by the NIPC.
2. (B) Code of Good Corporate Governance provides that the office of the Chairman of a company should be occupied by a **non-executive director**.
3. (C) OECD means Organisation for Economic Cooperation and Development.
4. (C) The minimum authorized share capital for commercial banks with national authorization is ₦25,000,000,000.
5. (A) Based on the CGCG for public companies issued by SEC in 2013, CGCG for Banks and Discount Houses issued by CBN in 2014, and CGCG issued by FRC in 2018, the minimum number of directors banks and Public Limited Companies should have is 5.
6. (D) The maximum unrestricted equity ownership an individual can have in a bank is 5%, while that of the government is 10%.
7. (C)
8. (D) The stakeholder theory considers the public interest because it views the public as necessary stakeholder in corporate actions.
9. (A) Unrestricted right to own large number of shares is a discouraged practice in good corporate governance because that could lead to abuse.
10. (D) All of them are stakeholders involved in the affairs of the company. The Creditor is concerned about his money, the supplier is concerned about his business and the government is concerned about taxation and the overall performance of the economy.
11. (D) See Sec. 41(3), CAMA on appointment of directors by a named person in the Articles, and Sec. 247 CAMA on how first directors of a company are appointed.
12. (A) All appointments to be made by the General Meeting under CAMA are done by ordinary resolution. Directors and Auditors are appointed and removed by ordinary resolution. But auditors can be appointed by the Board, in which case, it will be a unanimous resolution, because decision of the Board is taken to be unanimous.
13. (C) Generally, a single resolution cannot be used to appoint multiple directors of a public company unless a unanimous resolution has first been passed agreeing to that. Sec. 261, CAMA.
14. (B) The Managing Director is appointed by the Board of Directors. Sec. 263(5), CAMA.
15. (C) Sec. 248(2), CAMA.
16. (D) Sec. 251(2), CAMA.
17. (B) Chairman of a company is a non-executive director, and non-executive directors are generally not entitled to remuneration, except payment for out of pocket expenses. However, in practice, they are paid.
18. (A) The General Meeting still has to confirm the appointment of an alternate director.

19. (B) A company can be a member of another company, for example, a holding company being a member of subsidiary companies. A company can be the secretary of another company. See Form CAC 1.1 and 2.1. But a company is barred from being the auditor of another company under Sec. 358(1)(c), CAMA.
20. (D)
21. (A) Sec. 246(3), CAMA.
22. (B) Tony E. Elumelu, by being a life director, is not subject to retirement by rotation rule. A life director takes office for life, but can be removed under Sec. 262, CAMA. Sec. 255, CAMA.
23. (A) Dangote Aliko, being 17, is not qualified for appointment as a director. Sec. 257, CAMA.
24. (D) Generally, quorum of the meeting of a company is to be fixed by the Articles. But where the Articles is silent, CAMA applies. Sec. 232(2) provides that the quorum for the meeting of a company shall be one-third of the total number of members or 25 members (**whichever is less**) present in proxy or by proxy. So, any company that has more than 75 members, unless otherwise provided in its articles, its quorum shall always be 25 members.
25. (C)
26. (B) Reg. 38, CR.
27. (B)
28. (A) Sec. 296, CAMA.
29. (D) There is no maximum age limit for appointment of directors of LTD, but for PLC, to appoint someone above 70 years, special notice disclosing the age must be given to the company prior to the appointment.
30. (D) All directors, including a life director, can be removed from office by the Company. Sec. 262 CAMA.
31. (D) Sec. 275, 278 and 292, CAMA.
32. (C) Change of a company's name does not require any special notice. But special notice is required to remove a director, to remove an auditor before the expiration of his term and to appoint a person above 70 years as director of a PLC.
33. (B) One-third of 6 is 2, and it's first in, first out basis. Sec. 259, CAMA.
34. (A) Where the retiring director offers himself for re-election, all things being equal, he is automatically re-elected. Sec. 259(3), CAMA.
35. (D) The articles of a company may exclude the retirement by rotation rule. And the rule is not applicable to life directors.
36. (A) Duty of care and skill is not a fiduciary duty. It stands on its own.
37. (A)
38. (D) Sec. 234, CAMA.
39. (C) A life director is affected by the rule on vacation and removal of director.
40. (B) Where a director is also the secretary of a company, he cannot sign a document requiring the signature of a director and a secretary in both capacity. He is advised to sign as the secretary because since a company must have at least 2 directors, another director can sign as director.
41. (B) A member of the Chartered Institute of Arbitrator does not become qualified by virtue of that position to be appointed

- secretary of a public company. Sec. 295, CAMA.
42. (C) Drafting of resolutions of meeting is a duty carried out during the meeting and not before the meeting. Sec. 298 CAMA generally contains the duties of a company secretary.
43. (C) It is the board of directors that appoints and removes a company secretary. Sec. 296, CAMA.
44. (A) Special resolutions are required to be filed within 15 days to CAC after they are passed. Sec. 237 CAMA. The resolution for the removal of a director is an ordinary resolution and must be filed within 14 days after it is passed.
45. (A) The first Board meeting of directors of a company shall be held not later than 6 months after the incorporation of the company. Sec. 263, CAMA. 6 months from 1st January 2020 is June 2020.
46. (D) Appointment of the first secretary is not part of the agenda of the first board meeting. The first secretary of a company is appointed by the promoters or subscribers of the company prior to incorporation. Remember that in CAC 1.1, the position of the secretary must be filed, otherwise registration cannot be completed.
47. (D) Generally, quorum of board meeting or the meeting of the company is determined by the Articles of the company. Where the articles are silent, then the provisions of CAMA will apply. In MCQs, most times, you are required to use the provisions of CAMA. In this case, since there are 6 directors, the quorum will be 2. Sec. 264, CAMA.
48. (B) The board of directors does not have the power to increase the share capital of the company. That is within the jurisdiction of the general meeting.
49. (A) For board meetings, if the chairman is not present within 5 minutes of the time the meeting is slated to commence, the directors present shall appoint a member of the board to be the chairman for the purpose of the meeting. However, if it is a general meeting of the company, if the chairman is not present within **one hour**, then another can be appointed in his place to be the chairman of the meeting. Sec. 263(4) and Sec. 240, CAMA.
50. (C) For board meetings, the length of notice required is 14 days. Sec 266 (2), CAMA.
51. (C) Because it is a board meeting, Sec. 265 provides that where there is absence of quorum in the meeting of the Board, the General Meeting may act in place of the board.
52. (D) You are required to draft the notice of the first board meeting of the directors. It is appropriate that it bears that heading. So, it will be "Notice of the first Board of Directors meeting"
53. (C) In civil litigation, when you are drafting a motion, you start with "TAKE NOTICE", in Corporate, when you are drafting any notice of meeting, you start with "NOTICE IS HEREBY GIVEN"
54. (C) is the most appropriate option.
55. (A) The Board has no power to increase the share capital of a company. The general meeting does. Sec. 102, CAMA.
56. (B) Notice of board meeting is usually signed "By Order of the Board"

57. (C) Statutory meeting must be held within six months of incorporation of a PLC. Six months from December 1st ends 31st May.
58. (B) There is nothing that concerns a promoter with the notice of meeting of a company. Those entitled to receive notice of a company's meeting are contained in Sec. 219, CAMA.
59. (D) Sec. 211 and 408, CAMA.
60. (B) Statutory meeting is only compulsory for PLCs. Thus, a LTD need not hold statutory meeting.
61. (C) Presentation of financial statement is one of the ordinary businesses transacted at the AGM. It is not a matter to be considered at a statutory meeting. Sec. 211 & 214, CAMA.
62. (D) The required length of time statutory report must be forwarded to members is 21 days before the statutory meeting. Sec. 211(2), CAMA.
63. (B) The promoters or subscribers of a company appoint the first secretary of that company.
64. (C) Voting by poll means voting based on the number of shares one has in a company. This ordinary brings inequality of voting power. But this is not allowed during board meetings and in the appointment of members of the audit committee of a company. Sec. 225(3), CAMA. Thus, voting by poll can be used to remove a director from office.
65. (A) Based on the provision of Sec. 379, CAMA, it is the general meeting that declares dividends. The Board only recommends.
66. (B) Acquisition is not a way of becoming a member of a company.

There are four ways which are: subscription, allotment, transfer and transmission.

67. (A) Allotment is when someone purchases shares directly from the company itself. Transfer occurs when a person purchases shares from a member of another company.
68. (D) The most appropriate remedy is to bring an application for the rectification of the register of members of the company.
69. (C) The condition to having a right to dividends is when dividends are declared. So, a member does not have a right to dividends when they have not been declared by the company.
70. (A) Audit committee is a requirement for PLCs not LTDs. Sec. 359(3), CAMA. Traverse Nig. Ltd, being a LTD, cannot have appointment of members of the audit committee as a business to be transacted at the Annual General Meeting.
71. (C) It is the duty of the Board of Directors of a company to prepare the financial statement of the company. Sec. 334(1), CAMA
72. (A) As a LTD, the financial statements of LTDs do not include statements of accounting policies. Sec. 334(2)(3), CAMA.
73. (C) Sec. 216, CAMA. AGM and statutory meeting must be held in Nigeria. But extraordinary general meeting need not be held in Nigeria.
74. (B) CAC's power to extend the time within which AGMs can be held is not applicable to the first AGM of a company, and is not in vacuum, as Sec.

213(1) provides that the period of extension shall not be more than 3 months.

- 75. (D) If in a general meeting, where the chairman is not present within 1 hour, another can be appointed to fill the position for that meeting. Sec. 240(1) CAMA. But if it is a board meeting, the time frame is 5 minutes. Sec. 263(4).
- 76. (C) One key feature of EGM convened by the requisition of member(s) is that if after one hour of the scheduled time, no quorum is formed, that will be the end of the meeting. Adjournment is not recognised. Sec. 239(3), CAMA.
- 77. (A) No ordinary business contained in Sec. 214, CAMA can be transacted at an EGM. Thus, declaration of dividends, being an ordinary business, cannot be transacted at an EGM.
- 78. (D) Ordinary business cannot be transacted at an EGM of a company. Sec 215(8), CAMA.
- 79. (D) The chairman of a company is a non-executive director, thus is not involved in the day-to-day activities of the company.
- 80. (B) The company secretary does not have the right to convene any meeting of a company. He only acts for the board and the company by sending out notice of meeting, but cannot on his own, without being directed, convene a meeting. The court can order meeting of a company under Sec. 223, CAMA. AND members can requisition EGM under sec. 215, CAMA.
- 81. (B) Sec 217(1), CAMA
- 82. (D) For the AGM, before a notice of less than 21 days can be given for the

meeting, it must be consented to by all the members. For other types of meetings, it must be consented to by at least 95% of the members. Sec. 217(2), CAMA.

- 83. (A) Generally, failure to give notice of meeting to those entitled to receive it will invalidate the meeting. But an exception is created where the failure was as a result of accidental omission on the part of the company secretary. Sec. 221(1), CAMA.
- 84. (C) See. 232(4) & (5), CAMA.
- 85. (B) Sec. 220(2), CAMA.
- 86. (A) Since the reason the members walked out is not a sufficient reason, but one borne out of malice, then the meeting may continue with the members present and any decision reached will bind the company. Sec. 232(4) CAMA.
- 87. (B) At an adjourned meeting of a company, the members present, if less than the quorum as stipulated in the articles, shall form the quorum. Sec. 232(5), CAMA.
- 88. (D) Special resolution is 75% majority or three-fourth majority of members present and voting. Sec. 233(2), CAMA.
- 89. (C) Appointment of auditors is by ordinary resolution
- 90. (C)
- 91. (B) Presentation of audit committee's report is not part of the matters stated in Sec. 214, CAMA.
- 92. (B) Except as otherwise stated in the articles, the quorum of the meeting of a company with membership of more than 75 shall be 25. Sec. 232(2), CAMA.
- 93. (B) The resolution will sail through because the resolution required for the

removal of a director is ordinary resolution; i.e. simple majority of members **present and voting**. Since 30 members voted, then 20 is more than simple majority.

94. (C) Sec. 374, CAMA.

95. (A) A debenture holder is deemed a creditor of the company and a creditor by Sec. 219, CAMA is not one of those ordinarily entitled to notice of meeting.

96. (D) Sec. 332(2), CAMA.

97. (B) The financial year of banks by CBN Regulation shall be from Jan. 1 to Dec. 31 every year.

98. (D) It is not enough for it to be presented before the General Meeting, but must also be delivered to CAC before financial statements can be deemed to be properly published. Sec. 354(1), CAMA.

99. (D) Both members and debenture holders are entitled to receive a copy of a company's financial statement. Sec. 344(1), CAMA.

100. (D) Unlike failure to give notice of a company's meeting, failure to deliver financial statement does not invalidate the meeting where the statement was presented, but the officers would be liable. Sec. 349, CAMA.

101. (C)

102. (D) Sec. 239(2). Generally, notice is required to be given for every meeting of a company. But where a meeting is adjourned to another date, notice need not be given of the next adjourned date, except the adjourned date is more than 30 days after the last meeting.

103. (B) Appointment of the first auditor is done by the BOD and is

usually at the first board meeting. Sec. 357(5), CAMA. It is when the BOD fails to do so that the power falls on the General Meeting.

104. (D) See sec. 357(2) and 358(1)(a), CAMA.

105. (C) Sec. 358(4), CAMA. For example, if a company wants to appoint Ajumogobia & Okeke as its auditor, all the partners of the firm must be qualified to be appointed as auditors. If for example, one of the partners is a director in that company, the firm will not be qualified because an officer of a company is disqualified from being appointed as auditor of the company.

106. (C) A company or a body corporate cannot be appointed an auditor of another company. That's why KPMG is not registered as a company, but as a firm under part B of CAMA. Section 358(1)(c).

107. (B) All companies are required and mandated to keep accounting records. Sec. 331 CAMA. However, the requirement of audit committee is mandatory for PLCs. Section 359(3) CAMA.

108. (C) Any audit committee shall have no more than 6 members, consisting of equal number of directors and shareholders. Thus, we could have 1 director and 1 shareholder, 2 directors and 2 shareholders, 3 directors and 3 shareholders. Anything more than that would be an invalidly constituted audit committee.

109. (A) CAC forms for filing annual returns are as follows: CAC 10: Small company, CAC 10A: a company

- (PLC/LTD) having shares other than a small company, Form CAC 10B: a company limited by guarantee, CAC 10C: An exempted company under section 56 CAMA.
110. (D) The net value of a small company for a particular year is not up to ₦1 million. Sec. 351, CAMA.
111. (D)
112. (A) For business name, it must be filed not later than June 30, every year. Sec. 587, CAMA.
113. (C) Annual returns of IT must be filed not earlier than June 30 and not later than Dec. 31 every year. Sec. 607, CAMA.
114. (D)
115. (B)
116. (A)
117. (B)
118. (A)
119. (B) The essence of derivative action is that the action is brought on behalf of the company. Thus, the court cannot direct that the members sue the company in a derivative action
120. (C) Companies Investigation Rules is not in existence.
121. (A) This is because the wrong is done to the company and the wrong doers are in control of the company.
122. (C) There is no requirement that the application for derivative action must be authorized by the company before it can be brought.
123. (D) The discretion is that of the Court, not the members.
124. (B) Sec. 312. The Court does not have the power to order that a personal action should be brought. That would even be counter-productive.
125. (C) There is nothing that concerns SEC with the affairs of the company, besides, it is a LTD.
126. (C) Sec. 310, CAMA.
127. (A) Derivative actions must be commenced by way of originating summons. Order 2 of the Companies Proceedings Rules.
128. (B) Representative action is the most appropriate since it is for himself and other members of the company.
129. (A) Note that in derivative action, the name of the company must appear with the name of the member bringing the action as the plaintiff. And a company cannot be both a plaintiff and defendant at the same time.
130. (B) Matters arising from the provisions of CAMA are within the exclusive jurisdiction of the FHC.
131. (A) In answering questions like this, you must pay attention to all the details. The question says she decides to bring an action **to declare that her rights have been infringed upon and to seek an injunction to prevent further infringements**. Because of the remedies sought, member's direct action is the best.
132. (C) Sec. 314, CAMA.
133. (D) Inspector's report can form the basis of a civil and criminal action, and a petition for winding up of the company involved.

WEEK 15 AND 16

COMPANY SECURITIES I & II

At the recently concluded Extra-Ordinary General Meeting of Great Stark PLC, it was resolved to increase the share capital of the company from N5million to N10 million. The existing shareholders were offered right issues and bonus shares. New members were also invited to purchase the shares of the company. Dr. Jacqueline Zerb of the United States also bought shares.

Answer the following questions

1. The appropriate method for Great Stark PLC to adopt in order to achieve the aim of issuing its shares to the existing shareholders and at the same time invite new members to subscribe is:

- a. Combined issue
- b. Rights Issue
- c. Placement
- d. Hybrid issue

2. Assuming all the shares applied for by Dr. Jacqueline Zerb were fully allotted to her, within how many days after the allotment must the letter of allotment be delivered to her?

- a. 2 months
- b. 3 months
- c. 42 days
- d. 44 days

3. The types of shares a company can have under the Companies and Allied Matters Act does not include:

- a. Founders shares
- b. Ordinary shares
- c. Special shares
- d. Preference shares

Hexagon PLC has just made an announcement of a public offer of its shares. The total authorised share capital of the company fully issued and paid up, was increased from N10,000,000 by the creation of additional 20,000,000 ordinary shares of ₦1 each and 10,000,000 preference shares of ₦2 each. From the public offer of the shares, a total of 10,000,000 ordinary shares were issued of which 5,000,000 were fully paid up. The whole 10,000,000 preference shares were bought by one Mallam Amino Kano. Payment by Mallam Amino Kano was proposed to be by giving the company his 20 hectares of land located in Victoria Island and erecting a gigantic building on it to be used as the manufacturing site of the company.

Answer the following questions

4. The total unissued shares of Hexagon PLC from the scenario is

- a. 10,000,000 ordinary shares
- b. 5,000,000 ordinary shares
- c. 5,000,000 ordinary shares and 10,000,000 preference shares
- d. 10,000,000 ordinary shares

5. The total amount of unpaid capital flowing from the increase of the company's share capital is

- a. ₦5 million
- b. ₦15 million
- c. ₦25 million
- d. ₦10 million

6. The new authorised share capital of the company by the additional classes of shares created is

- a. ₦30,000,000

- b. ₦50,000,000
- c. ₦40,000,000
- d. ₦35,000,000

7. Since the company has agreed to payment for shares in consideration other than cash, within how many days must the company get back to Alhaji Mallam Kano after a valuation report has been submitted by the independent valuer appointed by the company?

- a. 7 days
- b. 3 days
- c. 5 days
- d. 3 days

8. The independent valuer appointed by Hexagon Plc can be all but one of the following

- a. The Company's Auditor
- b. An Estate Surveyor
- c. An External Auditor
- d. An Independent Valuer

9. The following except one are rights attached to the preference shares bought by Alhaji Mallam Kano

- a. Weighted vote in certain circumstances
- b. Fixed dividends when declared
- c. Priority over ordinary share in payment of dividends
- d. Right to be appointed life director

10. The presumption on preference shares is that unless otherwise expressly stated in the articles of the company, Preference shares are

- a. Redeemable
- b. Participatory
- c. Non participatory
- d. Cumulative

11. If in addition to payment of fixed dividends, Mallam Aminu Kano also desires not to be left out in the package of surplus assets of the company, the best type of share that will ensure this is

- a. Cumulative preference shares
- b. Weighted preference shares
- c. Participatory preference shares
- d. Additive preference shares

12. The type of shares that bear the financial risk of the company is best known as

- a. Founders shares
- b. Ordinary shares
- c. Preference shares
- d. All of the above

13. The following except one are circumstances provided under Section 143 CAMA where preference shareholders shall have a right to more than one vote per share:

- a. Resolution in respect of preferential dividends in arrears for 12 months
- b. Resolution varying the rights attached to such shares
- c. Resolution as to the removal and appointment of the auditors
- d. None of the above

14. The type of shares taken up by promoters of a company and which are cheaper than the other classes of shares is

- a. Deferred shares
- b. Ordinary shares
- c. Founders' shares
- d. A or C

Chief Olusoji Ajibade responded to the initial public offer of shares of Forte Oil Plc. and

applied for 10,000 ordinary shares at ₦100 per share and paid in full. Forte Oil PLC after one year of making the offer sent Chief Ajibade a share certificate stating that he has been allotted 6,000 units of shares.

Answer questions 15-22 using the above scenario:

15. One of these is the legal obligation of Forte Oil PLC when it could not allot all the shares applied for by Chief Olusoji Ajibade:

- a. Write a Letter of Regret to him
- b. Write to inform him of allotment and return of his balance
- c. Write to him a letter of allotment and regret on the un-allotted shares
- d. Write to him a letter of allotment and regret with an enclosed cheque on the un-allotted shares.

16. The time period stipulated by the law within which Chief Otunba must be notified of the allotment of shares to him is

- a. 42 days after the offer was made
- b. 42 days after constituting Board Allotment Committee
- c. 42 days after approving the allotment
- d. 42 days after notifying CAC of the allotment

17. Forte Oil is expected to deliver the share allotment certificate to Chief Olusoji Ajubade:

- a. Within two months after allotment
- b. Within three months allotment
- c. Within two months after return on allotment is made to CAC
- d. Within three months after return on allotment is made to CAC

18. After allotment of shares to Chief Olusoji Ajibade, the company Secretary of Forte Oil PLC is expected to make return on allotment to CAC within

- a. 15 days
- b. 1 month
- c. 14 days
- d. 30 days

19. The appropriate form to be filled for return on allotment is

- a. CAC FORM 2.7
- b. CAC FORM 2.4
- c. CAC FORM 2A
- d. CAC FORM 2.1

20. Which of the following documents will not accompany the return on allotment form to be filed with CAC?

- a. Special resolution signed by two directors
- b. Evidence of payment of filing fee
- c. Updated annual returns of the company
- d. Updated statement of affairs

21. A clause in a company's articles which prevents 'newly issued' shares to be offered to members of the public without first being declined by the existing shareholders of the company is:

- a. Right issue
- b. Pre-emptive right
- c. First offer right
- d. First-class right

22. Assuming immediately after the offer of 10,000 ordinary shares was made by Chief Olusoji Ajibade, he received news of a fire outbreak in his establishment which ruined his

investments. If he desires to withdraw his offer of allotment of shares, Chief Olusoji is expected to write the company a letter of:

- a. Regret
- b. Renunciation
- c. Withdrawal
- d. Revocation

Emardoc Nigeria Ltd was incorporated in 2015 with a total authorised share capital of ₦100,000 divided into 100,000 ordinary shares of ₦1 each. Having witnessed stupendous growth in the 5 years of its existence, the company decided to go public. It convened an Extra Ordinary General Meeting on the 1st of December 2019 where resolutions for increasing the share capital to ₦1,000,000 and re-registering the company as a public company were proposed and duly passed. The new shares created were just ordinary shares to be sold at N 2 each.

Now answer the following questions 23-26

23. With the company's decision to sell the new shares at N2 each, the company is said to be issuing shares:

- a. At the nominal price
- b. At a discount
- c. At a premier
- d. At a premium

24. Assuming Emardoc Nigeria PLC decides to issue the shares at a discount, one of the following is not a condition precedent:

- a. Resolution passed specifying the maximum rate of discount
- b. Application is made to the Federal High Court for sanctioning

- c. Application is made to the Securities and Exchange Commission for sanctioning
- d. The discounted shares are issued within one month after being sanctioned

25. Assuming Emardoc Nigeria PLC has a surge in its share premium account, which of the following is not a function of the account?

- a. Paying up right issue to the directors of the company
- b. Writing off preliminary expenses of the company
- c. Paying up bonus issue to members of the company
- d. Paying for commission and discount allowed

Tatiana Johnson responded to the company's call and purchased 2,000 ordinary shares. However, for more than 6 months she hasn't been given a copy of the share certificate despite repeated demands. She has decided to commence an action in the Federal High Court to compel the company to deliver the share certificate.

26. The appropriate method of commencement of the action is by

- a. Writ of summons
- b. Originating Summons
- c. Originating motion
- d. Petition

27. Pablo Picasso Nigeria Ltd has just been incorporated in Nigeria with an authorised share capital ₦1,000,000 divided into 500,000 ordinary shares of ₦2 each.

One of the following is correct about the company

- a. No transfer of shares is effective until an instrument of transfer has been executed
- b. No transfer of shares is effective until such transfer has been consented to by the directors
- c. The company can never have more than 50 members under any circumstance
- d. The age of the directors must never be over 70 years

28. All but one of the following shares can be allowed in Pablo Picasso Nigeria Ltd

- a. Non-voting shares
- b. Weighted shares
- c. Non-cumulative preference shares
- d. Non-participating preference shares

29. The following except one are valid restrictions on the transfer of shares of a company:

- a. Where the shares are not fully paid up
- b. Where the memorandum of association restricts its transferability
- c. Where the articles of association restricts its transferability
- d. Where there is lien of the shares

Rosemary Akpan sold all her shares in Temple Hill Limited to Isaiah Ehikioya and handed over the share certificate to him. The instrument of transfer was executed by both parties on the 19th of July, 2019. Isaiah Ehikioya gave the instrument of transfer to the company to effect changes in its register of members. On the 10th of August, 2019, the company issued bonus shares to its members and the share certificate for the bonus shares was written in the name of Rosemary Akpan and forwarded to her. Rosemary Akpan now claims to be the lawful owner of the bonus shares.

Answer the following questions

30. The period provided under the Companies and Allied Matters Act for share certificate to be delivered to Isaiah Ehikioya after the transfer is

- a. 1 month
- b. 2 months
- c. 3 months
- d. 4 months

31. The following are remedies available to Isaiah Ehikioya in this circumstance except:

- a. Serve on the company a notice and affidavit of interest in the company's shares
- b. Apply to Federal High Court to rectify the company's register of members in his favour
- c. Action against Rosemary Akpan to account for the benefits derived
- d. Petition for winding up on the company

32. The following are methods of offering shares in the Nigerian Capital market except?

- a. Direct offer
- b. Offer for sale
- c. Placement
- d. Purchase and Assumption

In 1995, Alhaji Usman Isah bought 10,000,000 shares in Julius Berger Plc, jointly with Mallam Aminu Kwankwaso. Last year, August 2019, Alhaji Isah succumbed to death after a long drawn battle with cancer.

33. By the provisions of CAMA, the 10,000,000 shares shall become that of?

- a. Alhaji Isah's Beneficiaries
- b. Mallam Kwankwaso as a joint holder

- c. Mallam Kwankwaso by transfer
- d. Personal Representatives of Alhaji Isah

34. If the shares were purchased by Alhaji Isah as a sole holder, the person entitled to be registered as the Shareholder is?

- a. Mallam Kwankwaso
- b. Alhaji Isah's survivor
- c. A beneficiary named in Alhaji Isah's Will
- d. Personal Representative of Alhaji Isah

35. Assuming Alhaji Isah wrote a Will and named Musa Marwa as the beneficiary of the shares, the option available to Musa is?

- a. An action in Court
- b. To petition the CAC
- c. To serve on the Company a notice and affidavit of interest
- d. Any of the above

36. Assuming Musa Marwa fails to make any election either to be registered as a member of the company or to transfer the shares to another person, within how many days after notice of election is given him by the Board of Directors and his failure to comply will rights attached to such shares be withheld from him?

- a. 90 days
- b. 60 days
- c. 30 days
- d. 15 days

37. Allotment of shares to the existing shareholders in the proportion of their existing shareholding for which the company will pay for such shares allotted is:

- a. Giveaway
- b. Right issue

- c. Pre-emptive right issue
- d. Bonus issue

38. The following statements are true in respect of bonus shares except:

- a. Payment for bonus shares can be made from the capital redemption reserve fund
- b. Payment for bonus shares can be made from the share premium account
- c. Bonus shares are issued to members of the company in the proportion of their shareholding
- d. Payment for bonus shares can be made from the sinking account

39. The preference shareholders can have any of the following rights except

- a. Right to accumulate dividends at a fixed rate when dividends have not been declared
- b. Right to participate in the distribution of the company's assets after creditors have been settled
- c. Right to more than one vote in certain circumstances
- d. Right to appoint at least one director

40. A share is considered weighted when:

- a. It carries more than vote
- b. It is in higher demand than other shares
- c. More shareholders have that class of shares
- d. It is more expensive than others.

41. The rights of a shareholder include all of the following except:

- a. To attend meetings of the Board of Directors

- b. To be elected a member of the audit committee
- c. To vote by show of hand
- d. To propose resolutions

42. Every company shall within _____ after the allotment of its debentures, deliver to the holder a certificate of debenture under the common seal of the company

- a. 21 days
- b. 42 days
- c. 60 days
- d. 90 days

43. Every charge created by a company that is not registered within the prescribed days after the creation of the charge is void against

- a. The liquidator and any creditor of the company
- b. Against the liquidator only
- c. Any creditor of the company only
- d. The chargee

44. The type of debenture created with the intention that it will not be redeemed or it will only be redeemed upon the happening of a remote event or contingency is

- a. Contingency debenture
- b. Perpetual debenture
- c. Convertible debenture
- d. Bearer debenture

45. One of these debentures is most appropriate for a debenture holder who wishes to be a shareholder of the company.

- a. Bearer Debenture
- b. Perpetual Debenture
- c. Convertible Debenture
- d. Registered Debenture

46. Generally, debentures can be secured by all the following except

- a. Fixed charge
- b. Floating charge
- c. All of the above
- d. None of the above

Oaklane Advisory PLC has been experiencing financial difficulties in recent times. Convinced that access to more capital will revive the company, the Board of Directors passed a resolution to approach First Bank of Nigeria PLC for a loan to the tune of ₦10 million. The company despite the loan wants unrestricted use of its assets.

47. The most effective way to secure the charge that will help the company fulfil its desire is

- a. A fixed charge
- b. A floating charge
- c. A syndicate charge
- d. None of the above

48. Registration of the charge created by Oaklane Advisory PLC to secure the loan provided by First Bank of Nigeria PLC must be done at CAC within how many days of creating the charge?

- a. 60 days
- b. 90 days
- c. 30 days
- d. 3 months

49. The form for registering the charge is:

- a. CAC FORM 9
- b. CAC FORM 7
- c. CAC FORM 8
- d. CAC FORM 10

50. Within how many days of the conclusion of the agreement to be a debenture must the name of First Bank of Nig. PLC be entered into the register of debenture holders by Oaklane Advisory PLC?

- a. 15 days
- b. 20 days
- c. 25 days
- d. 30 days

51. The documents expected to be kept by Oaklane Advisory PLC upon the issue of debenture to First Bank of Nigeria PLC do not include:

- a. Register of charges
- b. Register of debts and loans
- c. Records of instruments creating charges
- d. Register of debenture holders

52. Upon default by Oaklane Advisory PLC to repay the principal sum and interest on the fixed date, the remedies available to First Bank include all but one of the following:

- a. Petition for creditor's voluntary winding up of the company
- b. Petition for compulsory winding up of the company
- c. Action in court to recover the principal sum and interest
- d. Appointment of receiver/manager over the company

53. A floating charge shall crystallize on assets of a company when all but one of the following occurs:

- a. The security becomes enforceable and the holder appoints a receiver or manager enter to into possession of such assets

- b. The court appoints a receiver or manager of such assets on application of the holder.
- c. The company goes into liquidation
- d. None of the above

54. Sale of shares by shareholders is done at the

- a. Primary market
- b. Secondary market
- c. All of the above
- d. None of the above

55. A participant in collective investment scheme is best described as:

- a. A shareholder
- b. A stakeholder
- c. Debenture holder
- d. Unit holder

Hemshire Nigeria Ltd desires to raise more capital to finance its business. The company was incorporated with an authorised share capital of ₦200,000 but desires to raise more money from the public through public offer of its shares.

Answer the following questions 56 – 61:

56. The first step Hemshire Nigeria Ltd must take to be able to carry out its wishes is

- a. Increase its share capital to at least ₦500,000
- b. Re-register as a public company
- c. Offer its shares to certain members of the public through private placement
- d. Seek permission from Securities and Exchange Commission

57. Assuming Hemshire Nigeria Ltd has been converted to a public company; the process of issuing its shares to members of the company for the first time is called:

Ayekukehinde@gmail.com (+2348134020598) 66

- a. First time offer
- b. Public offering of shares
- c. Initial public offer
- d. Direct public offer

58. The money raised from the issue of shares you have identified in 57 above goes to

- a. The Issuing Houses
- b. The Board of Directors
- c. The Shareholders
- d. The Company

59. Assuming Hemshire Nigeria PLC wants to dispense with the issue of prospectus in offering its shares to the public, what step should it take?

- a. Apply for exemption from the Securities and Exchange Commission
- b. File statements in lieu of prospectus
- c. File statement in lieu of prospectus signed by all the named directors
- d. Prospectus is a mandatory requirement which cannot be dispensed with.

60. Assuming Hemshire Nigeria PLC submitted application for the registration of prospectus and SEC refuses to register, Hemshire should appeal against the refusal to:

- a. Corporate Affairs Commission
- b. Appellate Body of SEC
- c. Federal High Court
- d. Investments and Securities Tribunal

61. Within how many days after notification of refusal must Hemshire Nig. Plc appeal to the appropriate body?

- a. 14 days
- b. 21 days
- c. 7 days
- d. 42 days

62. The method of offer of securities to the public where a company issues its shares through an issuing house which acts as the agent of the company but does not bear the risk of failure of offer is

- a. Offer for sale
- b. Direct offer
- c. Private placement
- d. Placing

63. The method of offer of securities to the public where a company sells its securities to an issuing house and the latter bears the risk of failure of offer is

- a. Offer for sale
- b. Direct offer
- c. Private placement
- d. Placing

64. Which of the following companies can offer its shares to certain members of the public through private placement?

- a. Quoted public companies
- b. Private companies
- c. Unquoted public companies
- d. B and C

65. The issue of shares by a company, which is directed only to existing shareholders who are expected to acquire the shares in the ratio at which they hold shares in the company, is:

- a. Pre-emptive issue
- b. Right issue
- c. Shareholders issue
- d. Hybrid issue

66. The form for the registration of securities with the Securities and Exchange Commission is

- a. Form SEC 3
- b. Form SEC 4
- c. Form SEC 5
- d. Form SEC 6

67. None but one of the following is not a capital market operator

- a. Issuing houses
- b. Solicitors
- c. Underwriters
- d. Custodians

68. All but one of the following are capital market consultants

- a. Registrars
- b. Estate Valuers
- c. Accountants
- d. Auditors

In a bid to develop into a megacity, the Lagos state government is exploring the options of raising ₦50billion by issuing bonds to the investing public.

Answer the following questions

69. One of these bodies cannot issue government bonds under the Investment and Securities Act:

- a. Federal government agency
- b. State government and local government
- c. State government agencies
- d. Public companies where government has shares

70. The maximum redemption date for issued bonds is:

- a. 20 years from the date of issue of the bond

- b. 50 years from the date of issue of the bond
- c. 25 years from the date of issue of the bond
- d. 30 years from the date of issue of the bond

71. The bond issued by the Lagos State government is called

- a. Municipal bond
- b. Sovereign bond
- c. Revenue bond
- d. State bond

72. The following except one are conditions to be fulfilled before the Lagos state government can validly issue the bond

- a. The existence of an enabling law for which the authority to issue the bond is derived
- b. The bond instrument must bear the crest of the state government
- c. The bond instrument must be registered with CAC
- d. The bond instrument must be registered with SEC

73. The essential document which guarantees the repayment of the bonds issued by Lagos state at the due date is:

- a. Irrevocable letter of authority by the Auditor-General of the State
- b. Irrevocable letter of authority by the Accountant-General of the State.
- c. Irrevocable letter or its waiver issued by the Accountant General of the Federation
- d. None of the above

74. The time limit within which bond certificates must be issued to bondholders after the issue of bonds is

- a. 2 months
- b. 3 months
- c. 4 months
- d. 6 months

75. The Nigerian Stock Exchange is:

- a. A statutory corporation
- b. An incorporated trustee
- c. An incorporated company limited by guarantee
- d. A public limited company

76. Every collective investment scheme must be registered with:

- a. Corporate Affairs Commission
- b. Securities and Exchange Commission
- c. Investments and Securities Commission
- d. Nigerian Stock Exchange

77. The management of the resources pooled together in a collective investment scheme is usually the function of the

- a. Board of Directors of the scheme
- b. Participants of the scheme
- c. Shareholders
- d. Fund manager

78. The document that regulates the relationship of participants in a collective investment scheme is

- a. Memorandum of Association
- b. Articles of Association
- c. Partnership Agreement
- d. Trust Deed

79. The minimum paid up capital required of a fund manager of an investment scheme is:

- a. ₦50,000,000
- b. ₦10,000,000
- c. ₦20,000,000
- d. ₦15,000,000

80. The minimum paid up capital required of a body corporate acting as trustee of a collective investment scheme is:

- a. ₦40,000,000
- b. ₦20,000,000
- c. ₦10,000,000
- d. ₦15,000,000

ANSWERS

WEEK 15 & 16

COMPANY SECURITIES I & II

1. (D) Hybrid issue occurs when shares are issued to existing and potential members of a company at the same time.
2. (C) Letter of allotment must be delivered to the 'allottee' within 42 days of the allotment. Sec. 125(c), CAMA.
3. (C) There is nothing like 'special' shares in the nomenclature of the types of shares. We have ordinary, preference and deferred shares.
4. (A) From the scenario, the total authorized share capital of the company stands at ₦50,000,000 by the creation of additional 20,000,000 ordinary shares of ₦1 each and 10,000,000 preference shares of ₦2 each. The initial shares in the previous share capital before the increased had all been issued and paid for. All the preference shares have been issued and paid for, while only 10,000,000 ordinary shares out of 20,000,000 were issued. Thus, the total unissued shares of the company are 10,000,000 ordinary shares.
5. (A) Unpaid capital is the amount still unpaid on the **issued capital**. From the scenario, the 10,000,000 preference shares have been paid for in consideration other than cash. And out of the 10,000,000 ordinary shares issued, only 5,000,000 have been paid for. Thus, the unpaid capital will be amount left unpaid on the total issued shares, and that's ₦5,000,000.
6. (B) The authorized share capital of a company is the multiplication of the total number of shares by the unit price of each share. So, if a company has 2000 ordinary shares of ₦1 each, the authorized share capital will be 2000×1 , and that's ₦2,000. From the scenario, 20,000,000 ordinary shares of ₦1 each were created; that's ₦20,000,000. And 10,000,000 preference shares of ₦2 each were created; that's also ₦20,000,000. The total is ₦40,000,000. Remember that the initial share capital of the company was ₦10,000,000. Adding ₦40,000,000 to that would give us ₦50,000,000.
7. (D) Sec. 137(3), CAMA.
8. (A) It is meant to be an independent valuer, thus, the company's auditor cannot perform this role.
9. (D) A preference shareholder does not by virtue of that become a director, not to talk of being a life director,
10. (D) Cumulative, in the sense that since preference shareholders are entitled to fixed dividends, if dividends are not declared in a particular year, then the fixed dividends they are entitled to will accumulate to the following year and will be paid when dividends are declared.
11. (C)
12. (B) Ordinary or equity shares bear the financial risk of the company.
13. (D)
14. (D) Another name for deferred shares is founders' shares.
15. (D) Where all the shares applied for cannot be allotted by a company, the duty placed on the company is to write

- both letter of allotment and letter of regret and then enclose a cheque representing return of payment for the unallotted shares applied for.
16. (C) A company must notify an allottee within 42 days after approving the allotment.
 17. (A) Certificate of allotment must be delivered to the allottee within 2 months of allotment. Sec. 146(1), CAMA.
 18. (B) Return on allotment is made within one month after the allotment. Sec. 129(1), CAMA.
 19. (C) The form to be filed for return of allotment of shares is CAC 2A
 20. (D) Statement of affairs is only applicable for financial institutions like Banks, Insurance companies. Forte Oil is not into financial institution.
 21. (B) The purpose of the pre-emptive right clause is that members of the company are first given the opportunity to decline new shares before they are offered to outsiders. It is also called right of first refusal.
 22. (B) The appropriate name is letter of renunciation. Sec. 125(d), CAMA.
 23. (D) Share is issued at a premium where the price of the share is above the nominal price during its incorporation. See Sec. 120, CAMA on issue of shares at a premium.
 24. (C) SEC is not involved in this. Sec. 121, CAMA.
 25. (A) Right issue must be paid by the shareholder or the director himself. The share premium account cannot be used to pay for right issues. Sec. 120, CAMA.
 26. (B)
 27. (A) By Sec. 151(1), CAMA, the transfer of any shares, to be effective, must be by instrument of transfer.
 28. (A) Non-voting share has been abolished by Sec. 116, CAMA.
 29. (B) The contents of the memo of a company does not deal with restriction on the transfer of shares of that company.
 30. (C) Sec. 146, CAMA.
 31. (D)
 32. (D)
 33. (B) Since the deceased was a joint-holder of the shares, the shares shall devolve on the survivor; in this case, Mallam Aminu Kwankwaso. Sec. 155(1), CAMA.
 34. (D) The personal representative is the appropriate answer. See Sec. 155(1), CAMA.
 35. (C) Sec. 156(1), CAMA.
 36. (A) Sec. 155(5).
 37. (D)
 38. (D)
 39. (D)
 40. (A)
 41. (A) A shareholder does not have the right to attend the meeting of the Board.
 42. (C) Sec. 167(1), CAMA.
 43. (A) Failure to register a charge becomes void against the creditors and liquidators of the company. This means that they have priority over the debenture holder as regards the debts of the company.
 44. (B) Sec. 171, CAMA.
 45. (C) This means that the debt owed the debenture holder will be converted to fully paid up shares in the company, subject to any agreement between the parties. Sec. 172, CAMA.

46. (D)
47. (B) Floating charge is the most appropriate. The company still desires to be able to deal with its asset without any restriction. If fixed charge is used, this desire will not be accomplished. Floating charge does not attach to any property of the company until it crystallizes.
48. (B) Sec. 197(1), CAMA.
49. (C)
50. (D) Sec. 193, CAMA.
51. (B)
52. (A) Creditors voluntary winding up is not a remedy available to a debenture holder. Rather, it can, amongst others, petition for compulsory winding up on the ground that the company is unable to pay its debt. Sec. 408(d), CAMA.
53. (D) Sec. 178, CAMA
54. (B) The secondary market is where shareholders get to sell their shares as opposed to the primary market, which is where a company sells its securities.
55. (D)
56. (A) The first step will be to increase its share capital to the minimum authorized share capital of a public company; thereafter, re-register as a public company before it can be able to offer shares to the public.
57. (C)
58. (D) The initial public offer is done at the primary market; any money realized from the action goes directly to the company.
59. (C) The statement in lieu of prospectus must be signed by all the directors of the company. Rule 291, SEC Rules, 2013.
60. (D) Sec. 80(5), ISA.
61. (B) Sec. 80(5), ISA.
62. (B)
63. (A)
64. (D) Take note that both private companies and unquoted public companies can take advantage of private placement to offer their shares to some selected members of the public.
65. (B)
66. (D)
67. (B) A solicitor is not a capital marker operator but a capital market consultant.
68. (A) Registrars are capital market operators, not consultants.
69. (D)
70. (C) Sec. 226(2), CAMA.
71. (C) States and government agencies issue what is called “revenue” bonds. The one issued by the Federal government is called “sovereign bond”.
72. (C) Registration of bonds with CAC is not a requirement for the validity of the bond.
73. (B)
74. (A)
75. (C)
76. (B)
77. (D)
78. (D)
79. (C)
80. (B)

WEEK 17 AND 18 CORPORATE RESTRUCTURING I & II

1. Honeywell Solution PLC has been in great financial difficulties for more than 2 years. It has not declared dividends for the past 2 years and has not redeemed its debentures that are due. The company however is still equipped with assets, although less than its total liabilities. The company has come to you for advice on the best restructuring option to undertake which will still make the company a going concern.

- a. Arrangement and compromise
- b. Arrangement on sale
- c. Management buy in
- d. Takeover bid

2. Assuming Honeywell Solution PLC opted for the option of arrangement and compromise, which of the following regulatory bodies will not be involved in the process?

- a. Federal High Court
- b. Securities and Exchange Commission
- c. Corporate Affairs Commission
- d. Nigerian Stock Exchange

3. All but one of the following is correct about arrangement and compromise:

- a. It must be sanctioned by the court to be valid
- b. Special resolution of the class affected is required
- c. It is most suitable when a company is solvent
- d. SEC must investigate its fairness before sanctioning

At the general meeting of SugarBliss Nig Ltd, a company with no alien participation, held on the 30th day of March, 2020, the members of the company passed a special resolution for the voluntary winding up of the company. It also resolved that a liquidator be appointed to sell off the whole undertakings to another company for a consideration of fully paid up shares in the other company. The company's directors also made a statutory declaration of solvency.

4. Which of the following corporate restructuring is best described by the above scenario?

- a. Creditors' voluntary winding up
- b. Arrangement and compromise
- c. Arrangement on sale
- d. Merger

5. As the solicitor to SugarBliss Nigeria Ltd, your principal was invited to the General meeting and was asked to give a list of internal restructuring options available to the company which do not include:

- a. Management buy out
- b. Management buy in
- c. Arrangement on sale
- d. Arrangement and compromise

6. Assuming in the restructuring option you identified in question 4 above, Kosi Udeh, who is a dissenting member, decides to take a step in making sure that either the resolution is not effected or his shares in the company are bought, within how many days after passing of the resolution must he give notice of such decision?

- a. 14 days
- b. 21 days

- c. 28 days
- d. 30 days

7. The notice is addressed to

- a. The Board of Directors
- b. The Company Secretary
- c. The Liquidator appointed
- d. The Company

8. If eventually, it is agreed to purchase the shares of Kosi Udeh, the price of the shares shall be determined by?

- a. Agreement of the parties
- b. Securities and Exchange Commission
- c. Federal High Court
- d. Independent valuer appointed by Securities and Exchange Commission

9. If Udeh Kosi were to be an American, then the price of the shares will be determined by?

- a. Agreement of the parties
- b. Securities and Exchange Commission
- c. Federal High Court
- d. Independent valuer appointed by SugarBliss Nigeria Ltd

10. Which of the following modes of corporate restructuring will not require the sanction of the court for its validity?

- a. Arrangement and compromise with creditors
- b. Arrangement and compromise with a class of members
- c. Arrangement and compromise with members generally
- d. Arrangement on sale

11. The acquisition by the management team of a company of controlling shares of that company or its subsidiaries with or without third

party financing is what form of corporate restructuring?

- a. Stakeholders buy out
- b. Stakeholders buy in
- c. Management buy out
- d. Management buy in

12. None of the following about statutory declaration of solvency is incorrect except:

- a. It is made within five (5) weeks preceding passing of the resolution for voluntary winding up of the company.
- b. It is made by the Board of Directors.
- c. It embodies a statement of the Company's assets and liabilities.
- d. The directors of the company are of the opinion that the company will be able to pay its debts in full within 18 months from the commencement of the winding up.

13. The apex regulatory body of the Nigerian capital market is:

- a. Securities and Exchange Commission
- b. The Nigeria Stock Exchange
- c. The Central Bank of Nigeria
- d. Corporate Affairs Commission

14. What is the full meaning of FCCPC?

- a. Federal Commission on Consumer Protection and Competition
- b. Federal Commission on Competition and Protection of Consumers
- c. Federal Competition and Commission for Protection of Consumers
- d. Federal Competition and Consumer Protection Commission

Ohanezecom (Nig.) Plc and Arewacom (Nig.) Plc are two of the newly licensed telecom service providers in Nigeria. With a combined networth of ₦490million, the two companies have concluded a merger arrangement in view of the threats from older telecommunication companies operating in Nigeria. They have secured the consent of the Corporate Affairs Commission (CAC) to use the name Oharewacom (Nig.) Plc.

Answer questions 15-17 using the scenario

15. The merger of Ohanezecom (Nig) Plc and Arewacom (Nig.) Plc is in the _____category by virtue of the FCCPC Act.

- a. Intermediate
- b. Small
- c. Large
- d. Mega

16. The merger of the two companies is an example of what type of merger?

- a. Horizontal merger
- b. Vertical merger.
- c. Conglomerate merger.
- d. Pure conglomerate merger.

17. The two types of due diligence each company is expected to make before the consummation of the merger is:

- a. Corporate and Legal
- b. Legal and Investment
- c. Legal and Financial
- d. Business and Investment

Confluence Cement Plc and Nagode Cement (Nig) Plc are rival companies in the lucrative cement business sector of the Nigerian economy. But they are the only companies in

the sector. A bitter boardroom crisis among the directors has impacted negatively on the business of Nagode Cement (Nig.) Plc. The takeover bid made by confluence Cement Plc was rejected by the highly polarized board of Nagode (Nig) Plc.

Answer the following questions:

18. Which of the following restructuring options is not legally permissible between the two companies above?

- a. Merger.
- b. Takeover
- c. Management-Buy-in
- d. None of the above

19. Which of the following options is available to Confluence Cement Plc in respect of the rejected Take-over bid?

- a. Explore the possibility of a violent Takeover.
- b. Apply to the court for an Order of Mandamus.
- c. Apply to CAC to investigate Nagode Cement Plc.
- d. None of the above.

20. By the provisions of the Investments and Securities Act, 2007, the Take-over Bid by Confluence Cement Plc must target at least:

- a. 25% of its total shares.
- b. 30% of its total shares.
- c. 40% of its total shares.
- d. 50% of its total shares.

21. Assuming the net worth of the two Companies above is N6 Billion and they have agreed to Merge, which of the following will be the appropriate category for the Merger?

- a. Small.
- b. Intermediate
- c. Large
- d. Conglomerate

22. All but one of the following are the three major steps in the procedure for a large Merger:

- a. Pre-Merger Notification to FCCPC
- b. Formal Approval of merger
- c. Post Approval Notification to FCCPC
- d. None of the above

23. Within how many days must the copy of the special resolution of the companies approving the merger be filed with the Corporate Affairs Commission?

- a. 14 days
- b. 21 days
- c. 15 days
- d. 7 days

24. Within how many days of sanctioning the scheme of merger by the Court must notice of such be given to the Corporate Affairs Commission?

- a. 7 days
- b. 21 days
- c. 14 days
- d. 15 days

25. What's the time frame within which post-merger notification must be given to the appropriate body after completing the merger?

- a. Within 2 months
- b. Within 3 months
- c. Within 4 months
- d. Within 5 months

26. Assuming the boardroom crisis of Nagode Cement (Nig.) Plc has grounded its operations

for the past two years, which of the following options is most suitable if Confluence Cement Plc is still interested in acquiring Nagode Cement Plc as a Moribund Company?

- a. Arrangement or Compromise
- b. Arrangement on Sale
- c. Purchase and Assumption
- d. Merger.

Foster Airways have concluded merger talks with Bitcoin Airways. The net worth of the two companies is ₦1 billion. The two companies desire to adopt a new corporate name: FosterBits Airways after the merger.

Answer the following questions:

27. In view of the net worth of the companies, which of the following options will best describe the type of merger according to the SEC Rules?

- a. Small Merger
- b. Intermediate Merger
- c. Large Merger
- d. None of the above

28. The proposed merger is a good example of:

- a. Horizontal merger
- b. Vertical merger
- c. Conglomerate merger
- d. Pure conglomerate merger

29. Which of the following regulatory bodies will not be involved in the proposed merger?

- a. Securities and Exchange Commission
- b. Corporate Affairs commission
- c. Nigeria Civil Aviation Authority
- d. Central Bank of Nigeria

30. The proposed new name for the merger must be approved by:

- a. Corporate Affairs Commission
- b. Nigerian Investment Promotion Commission
- c. Nigerian Civil Aviation Authority
- d. Federal High Court

Great Stark Insurance PLC is one of the big fishes in the insurance industry in Nigeria. In order to maintain its position, the company seeks to acquire 20% ownership stake of Hulk Insurance PLC.

31. The most appropriate mode of corporate restructuring practiced by Great Stark Insurance PLC is?

- a. Acquisition
- b. Merger
- c. Take-over
- d. Purchase and Assumption

32. Assuming Great Stark PLC decides to buy 51% ownership stake in Hulk Insurance PLC, then it would be:

- a. Acquisition
- b. Merger
- c. Take-over
- d. Purchase and Assumption

Assuming the two companies have agreed on a take-over, the authority to proceed with a take-over which is granted by 33_____remains in force for 34_____

33.

- a. Director of offeror
- b. Director of offeree
- c. Securities and Exchange Commission
- d. Corporate Affairs Commission

34.

- a. 3 months
- b. 2 months
- c. 1 month
- d. 6 months

35. The definition of a dissenting member in a take-over bid includes all but one of the following:

- a. Those who refused the offer
- b. Those who neither accepted nor rejected the offer
- c. Those who having accepted the offer and still fail or refuse to transfer their shares to the offeror.
- d. None of the above

36. The shares of a dissenting member during a take-over bid may be acquired if offerees holding not less than _____ accept the offer

- a. 90% in number of shares
- b. 75% in number of shares
- c. 50% in number of shares
- d. 60% in number of shares

37. The corporate restructuring option where a company is allowed to inspect the books, assets, business operations/activities of a failing company with a view to choosing or picking out those aspects it could save by integrating them into its own business activities is:

- a. Purchase and Assumption
- b. Cherry Picking
- c. Management buy in
- d. Auctioneering

38. One of the following categories of mergers has been abolished by the Federal Consumers

Protection and Competition Commission Act 2019:

- a. Small merger
- b. Intermediate merger
- c. Large merger
- d. None of the above

Bobo Flour Mill Plc is an indigenous company which engages in manufacturing of flours and confectionaries with authorized share capital and asset base worth ₦400million Naira. As a result of low sale and stiff competition, the company has resolved at its board meeting held on 1st August, 2019 to combine its business with Manna Superbag Plc, a company which engages in production and manufacturing of package bags with authorized share capital and asset base worth ₦200 million.

Answer the following questions:

39. Which of the merger options below will be suitable to describe the business combination of the two companies?

- a. Vertical merger
- b. Horizontal merger
- c. Conglomerate merger
- d. Consolidation merger

40. Which of the following regulatory bodies will supervise and regulate the business combination of the two parties?

- a. Corporate Affairs Commission
- b. Securities and Exchange Commission
- c. Federal High Court
- d. All of the above

41. As part of the documentation to be submitted to Securities and Exchange Commission for the registration of the business

combination of the 2 companies, the following items will be submitted except:

- a. Scheme of merger
- b. Special resolution of the two companies approving the merger
- c. CTC of court order sanctioning the merger.
- d. Notice of meeting (Extra Ordinary general meeting) of the two companies for the consideration of the resolution.

42. Total Oil & Gas Limited has recently run into some liquidity issues. The company is experiencing some difficulty in discharging its liabilities which have now fallen due. The company desires to remain a going concern.

Which of the following restructuring options will not help the company out of its situation?

- a. Arrangement on sale
- b. Arrangement and compromise
- c. Increase of share capital
- d. Takeover

ANSWERS

WEEK 17 & 18

CORPORATE RESTRUCTURING I & II

1. (A) The key things to look out for in a scheme for arrangement and compromise are: (i) The company is insolvent; i.e. its liabilities are more than its assets and (ii). The company desires to remain a going concern; i.e, it does not wish to be wound up.
2. (D)
3. (C) It is most suitable when a company is insolvent, not when the company is solvent.
4. (C) Sec. 538(1), CAMA. The company is not going through the formal process of winding up under voluntary winding up; besides, the company has agreed to form part of another company.
5. (B) Management buy in is an external restructuring option for the company. It occurs when the management team of another company buys controlling stake in the company which seeks to restructure. Management buy out is when the management of the company which seeks to restructure buys controlling stake in the company.
6. (D) Sec. 538(2)(b), CAMA.
7. (C) Sec. 538(2)(b), CAMA.
8. (A) The company is a LTD with no foreigner as member. If it were to be a foreigner or a PLC, then the price shall be determined by SEC. Sec. 538(4), CAMA.
9. (B)
10. (D) Arrangement on sale does not need the confirmation of FHC to be valid, but any form of arrangement and compromise needs the confirmation of the FHC to be valid.
11. (C) Management buy out occurs where the management team of a company or a majority of them acquire controlling shares of that company.
12. (D) Statutory declaration of solvency is required where it is proposed to wind up a company voluntarily. The declaration must be made within 5 weeks preceding a special resolution for winding up and must contain a statement that the company will be able to pay its debt within 12 months of the commencement of the winding up. Sec. 462, CAMA.
13. (A) The Securities and Exchange Commission is the apex regulatory body of Nigerian capital market.
14. (D)
15. (B) It is a small merger because the combined net worth of the two companies – ₦490million – is within the threshold of small merger, which is less than ₦1 billion. Sec. 93, FCCPC Act and Rule 427, SEC Rules.
16. (A) Horizontal merger is one involving two companies in the same line of business. Both companies are telecommunication companies.
17. (C) The two types of due diligence are legal and financial due diligence.
18. (A) Merger is not legally permissible because it will create a monopoly in cement production, which is frowned at by the law. Section 95(3), FCCPC Act.
19. (A) Violent takeover is allowed. This is when the company is strategic about it,

by systematically acquiring the shares of the target company in the stock exchange or purchasing shares of existing shareholders at a premium to acquire 30-50% of the shares.

- 20. (B) Sec. 131(1)(b), ISA.
- 21. (C) The threshold of large merger is above ₦5billion.
- 22. (D)
- 23. (C) Reg. 53(2), CR.
- 24. (D) Reg. 53(2), CR.
- 25. (B)
- 26. (C) Purchase and assumption is an external restructuring company which aims at rescuing investment in a company in legal comatose or a moribund company.
- 27. (B) Based on the SEC Rules, it is an intermediate merger. However note that under the FCCPA, intermediate merger has been abolished, yet it fails to address under what type of merger these two companies will fall under.
- 28. (A) Both are in the same line of business, so it is a horizontal merger.
- 29. (D)
- 30. (A) Change of name of a company must be approved by the Corporate Affairs Commission.
- 31. (A) 'Acquisition' as a form of corporate restructuring, targets 20% ownership stake in the equity of another company.
- 32. (B) Any form of acquisition which targets at least 51% equity stake of the target company is a merger.
- 33. (C) Authority to proceed with a takeover bid is granted by the Securities and Exchange Commission, which remains in force for a period of 3 months. Section 134(8) ISA.

- 34. (A) Sec. 134(8), ISA.
- 35. (D) See Sec. 146, ISA for the definition of a dissenting member.
- 36. (A) Rule 438, SEC Rules.
- 37. (B)
- 38. (B)
- 39. (A) Both companies are complimentary: they operate in the same market but at different levels of production or service provision. A merger between companies of such is a vertical merger.
- 40. (D)
- 41. (D)
- 42. (A) The main thing in the question is the desire to remain a going concern. The option of arrangement on sale will not help the company remain a going concern. With that option, the company will be wound up.

WEEK 19

COMPANIES PROCEEDINGS AND INVESTMENT DISPUTES RESOLUTION

1. Exclusive jurisdiction on company proceedings and administration under the Companies and Allied Matters Act is vested with:

- a. Investment and Securities Tribunal
- b. Federal High Court
- c. States High Court
- d. Court of Appeal

2. By the provision of the Company Proceedings Rules of 1992, the default mode of commencement of action in corporate litigation is by

- a. Petition
- b. Originating motion
- c. Originating summons
- d. Originating applications

3. Application for the rectification of a company's register of members must be brought by way of:

- a. Originating motion
- b. Originating Summons
- c. Petition
- d. Writ of summons

4. Which of the following is an invalid service of court processes on a company?

- a. Service on the company Secretary
- b. Service on the Director of the Company
- c. Leaving the documents at the registered office of the company

d. Service on the head of security of the company

5. Application to sanction the issue of a company's shares at a discount is to be brought before the Federal High Court by way of?

- a. Petition
- b. Originating motion
- c. Originating summons
- d. Writ of summons

6. The Administrative Proceedings Committee of SEC is a body established pursuant to:

- a. Companies and Allied Matters Act
- b. Investment and Securities Tribunal Act
- c. Investment and Securities Act
- d. Securities and Exchange Commission Rules

Any party who is not satisfied with the decision of the Administrative Proceedings Committee as confirmed by SEC may within ____7____ of the receipt of the decision appeal to ____8____

7.

- a. 1 month
- b. 28 days
- c. 21 days
- d. 30 days

8.

- a. Federal High Court
- b. Investment and Securities Tribunal
- c. Court of Appeal
- d. Appellate Body of the Securities and Exchange Commission

9. Investments and Securities Tribunal (IST) can be referred to as

- a. A civil court
- b. A criminal court
- c. A quasi-judicial body
- d. A civil and criminal court

10. To appeal a decision of Securities and Exchange Commission before the IST, _____pre trial notice must be given to SEC

- a. 15 days
- b. 1 month
- c. 14 days
- d. 7 days

11. The recognised mode of commencement of actions before the IST is:

- a. Originating summons
- b. Originating motion
- c. Petition
- d. Originating application

12. IST has jurisdiction over the following matters except dispute involving:

- a. The SEC and self regulatory organisation
- b. A capital marker operator and SEC
- c. An investor and SEC
- d. CAC and SEC

13. The proceedings of the IST on any dispute must be completed within how many days of its commencement?

- a. 180 days
- b. 90 days
- c. 60 days
- d. 30 days

14. Jurisdiction over disputes involving a decision or determination of the Securities and Exchange Commission is vested in?

- a. Federal High Court exclusively
- b. State High Court and Federal High Court
- c. Investments and Securities Tribunal exclusively
- d. Investments and Securities Tribunal and Federal High Court

Akinpawpaw (Nig.) Plc is a Company licensed by Nigerian Government for the production of telecommunications equipment and recharge cards in January, 2010. The company at its last Annual General Meeting held at its registered address in the Federal Capital Territory announced to its members that it had met the listing requirements on the floor of the Nigerian Stock Exchange.

15. In the event of any dispute between Akinpawpaw (Nig.) Plc and other capital market operators, the adjudicatory body would be one of the following:

- a. The Federal High Court.
- b. The Investments and Securities Tribunal
- c. State High Court.
- d. High Court of the Federal Capital Territory.

Adago Smith owns a lot of shares in several companies listed at the stock exchange. Her Stockbroker – Kolade manages the shares purchased and sells on her behalf.

Answer the following questions 16-20

16. Assuming she has an unresolved dispute with her stockbroker over accounts of the transactions, she would under the Investments and Securities Act lay her complaints at:

- a. Nigerian Stock Exchange.
- b. Investments and Securities Tribunal.
- c. Securities and Exchange Commission.

d. Federal High Court.

17. If a decision was reached in her favour but Kolade refuses to comply with the directive, where would she institute a fresh action against Kolade under the Investment and Securities Act?

- a. Federal High Court.
- b. National Industrial Court.
- c. Investments and Securities Tribunal.
- d. Economic and Financial Crimes Commission.

18. If she is dissatisfied with the decision after the action, in which Court would she file her Appeal?

- a. Federal High Court.
- b. High Court of a State
- c. Court of Appeal.
- d. Administrative Panel of the Securities and Exchange Commission.

19. Assuming she obtained judgment against Kolade, in which Court should she enforce the judgment?

- a. Investments and Securities Tribunal.
- b. Federal High Court.
- c. State High Court.
- d. National Industrial Court.

20. If she is dissatisfied with the judgment of the Tribunal and wishes to appeal, the time limit within to appeal is

- a. 30 days after the decision
- b. 1 month after the decision
- c. 60 days after the decision
- d. 2 months after the decision

21. None but one of the following is correct with regards to appeal against the Tribunal's

decision in the exercise of its appellate jurisdiction:

- a. It can be on mixed point of law and fact
- b. It must be on point of law alone
- c. It must be on point of fact alone
- d. Consent of SEC must be obtained before it is filed

22. The following are correct about the Investments and Securities Tribunal except:

- a. The Tribunal may make rules regulating its procedures.
- b. The Tribunal shall have the power to review its decision.
- c. The proceedings of the Tribunal may be held in camera.
- d. The Tribunal has both civil and criminal jurisdiction

23. The Investment and Securities Tribunal is composed of how many members?

- a. 5
- b. 15
- c. 12
- d. 10

24. The members of the Investment and Securities Tribunal are appointed by?

- a. The President of Nigeria
- b. The Minister of Finance
- c. The Chairman of the Tribunal
- d. Securities and Exchange Commission

25. Which of the following is true of the Chairman of the Investment and Securities Tribunal?

- a. He must be a legal practitioner with no less than 10 years post call experience

- b. He must be a legal practitioner with no less than 15 years post call experience and has cognate experience in capital market matters
- c. He must be a legal practitioner with no less than 12 years post call experience and has cognate experience in capital market matters
- d. He must be a legal practitioner with no less than 10 years post call experience and has cognate experience in capital market matters

26. None of the following is not a resolution channel for investment disputes except

- a. Alternative Dispute Resolution
- b. Administrative Proceedings Committee of the SEC
- c. Investment and Securities Tribunal
- d. None of the above

27. Companies Proceeding Rules does not apply to proceedings arising from the following except

- a. Part A CAMA
- b. Part B CAMA
- c. Part C CAMA
- d. None of the above

28. The Investment and Securities Tribunal is duly constituted if it consists of:

- a. 5 members
- b. 10 members
- c. 3 members
- d. 2 members

29. Company proceedings may be commenced through the following modes except

- a. Originating Summons
- b. Originating motion

- c. Petition
- d. Originating notice

At the Annual General Meeting of Oluwaglass Nigeria PLC, a dispute ensued between one of the directors of the company, Mr. Agbalumo and a shareholder, Mr. Opeyinbo. In the course of the dispute, both parties started exchanging words and suddenly, Mr. Opeyinbo called Mr. Agbalumo a pig who is only good at sleeping with other men's wives. Mr. Agbalumo was furious and threatened to bring a defamation suit against Mr. Opeyinbo.

30. Which court will have jurisdiction over the defamation suit?

- a. The Federal High Court
- b. The Investment and Securities Tribunal
- c. State High Court/High Court of the Federal Capital Territory
- d. Any of the above

ANSWERS

WEEK 19

COMPANIES PROCEEDINGS

1. (B) Sec. 251 (1)(e), CAMA.
2. (C) Order 2, CPR.
3. (A) Order 3, R.(c), CPR
4. (D) The head of the security unit of a company is not a principal member of the company to be capable of receiving court processes on behalf of the company.
5. (A) Order 4, R.(e), CPR
6. (C) Sec. 310, ISA.
7. (D)
8. (B) R. 18 of the Administrative Proceedings Rules of Procedure.
9. (A) The IST is regarded as a civil court. Sec. 290(3), ISA.
10. (C) Proviso to section 289(1), ISA.
11. (D) Rule 6(1) IST Procedure Rules.
12. (D) Disputes between CAC and SEC fall under the jurisdiction of the FHC.
13. (B) Proceedings before the IST are fast tracked and must be concluded within 90 days of its commencement.
14. (D) There are some decisions of the SEC that are appealable to the FHC and some that are appealable to the IST.
15. (B) Disputes between CMOs and their clients is within the exclusive jurisdiction of the IST.
16. (C) At times, questions like this may be confusing. But since it's derived from a scenario, reading other questions from the same scenario can guide your answer. The first point of contact is to report to the SEC as the supervisory body.
17. (C)
18. (C) Appeals from the decision of the IST lie to the Court of Appeal. It could be as of right or with leave. Sec. 295, ISA.
19. (B) Sec. 293(3), ISA.
20. (A) Sec. 289(2), ISA.
21. (B) To appeal a decision of the IST given in its appellate jurisdiction, the appeal must be on point of law only. Sec. 295, ISA.
22. (D) The Tribunal does not have criminal jurisdiction.
23. (D) Sec. 275(1), ISA.
24. (B) Sec. 275(1), 315, ISA.
25. (B) Sec. 275(1)(a).
26. (D)
27. (A) Companies Proceedings Rules applies to Part A of CAMA only.
28. (C) Sec. 276(1), CAMA.
29. (D) There is nothing like originating notice.
30. C The cause of action is derivation, a personal action, thus it is within the jurisdiction of the State High Court or the High Court of the FCT.

WEEK 20

WINDING UP

Mrs. Demidun, a shareholder in Starplus Plc having its registered office in Maitama, FCT, has filed a petition for winding up of the company on just and equitable ground.

Answer the following questions:

1. The most appropriate court where the application above should be filed is:

- a. Any Federal High Court
- b. Federal High Court, Maitama
- c. High Court of the Federal Capital Territory
- d. Investment and Securities Tribunal

2. The effect of commencement of winding up proceedings on Starplus PLC is all but one of the following

- a. No attachment of the company's properties is allowed
- b. No judgment debt can be claimed on the company
- c. No judgment sum can be claimed by the company
- d. Restriction on transfer of shares without court's permission

3. The type of winding up from the scenario is:

- a. Compulsory winding up
- b. Winding up by the Court
- c. Petitioner's winding up
- d. A and B

4. Apart from the ground stated by Mrs. Demidun in her petition, the other grounds for

the type of winding up you identified above include all except:

- a. Special resolution by the company that it should be wound up compulsorily
- b. Failure to hold statutory meeting or deliver statutory report
- c. Failure to declare dividends for more than 5 years
- d. Number of members is below the legal minimum

5. In winding up of a company compulsorily by the Court, the company is deemed dissolved when:

- a. When the court makes a dissolution order on the company on the application of the liquidator.
- b. When the court makes a winding up order.
- c. When a liquidator is appointed.
- d. Three months after registration by CAC of the accounts and returns of the final meeting of the company from the liquidator.

6. None but one of the following can bring a petition for compulsory winding up of a company on ground of failure to hold statutory meeting:

- a. A shareholder of the company
- b. A director of the company
- c. A creditor of the company
- d. A debenture holder of the company

7. A company will be deemed unable to pay its debts in all but one of the following circumstances

- a. Where a creditor to whom it is indebted in the sum of ₦2,000, by a notice in

writing demanded for the debt to be paid and the company has for a period of three weeks thereafter neglected to pay

- b. Where a creditor to whom it is indebted in a sum exceeding ₦2,000, by a notice in writing demanded for the debt to be paid and the company has for a period of three weeks thereafter neglected to pay
- c. Where execution issued on the order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part
- d. Where the court, taking into account any contingent or prospective liability of the company is satisfied that the company is unable to pay its debts.

8. The following are not precluded from bringing petition for compulsory winding up of a company except:

- a. Corporate Affairs Commission
- b. The official receiver
- c. A creditor of the company
- d. A director of the company

9. Petition for winding up order by the Corporate Affairs Commission in cases arising from proceedings on inspector's report must be brought with the approval of:

- a. The President of Nigeria
- b. The Chief Judge of the Federation
- c. The Chief Law Officer of the Federation
- d. None of the above

10. A voluntary winding up commences:

- a. When petition is brought before the court
- b. At the time of passing of the resolution

- c. Where resolution is sanctioned by the Court
- d. Where notice of resolution is submitted to CAC

The Board of Directors of Goldpalms Ltd has made a statutory declaration dated 1st July 2019 that they made a full inquiry into the affairs of the company and are of the opinion that the company will be able to pay its debt on or before 31st December, 2019.

11. The above declaration is necessary where:

- a. It is proposed to wind up compulsorily
- b. As a condition precedent for conversion to a public company
- c. It is proposed to wind up voluntarily
- d. It is creditor's winding up

12. The above declaration made by the directors of the company is succeeded by:

- a. An ordinary resolution at a General Meeting for voluntary winding.
- b. A special resolution at a General Meeting for voluntary winding up
- c. An extra ordinary resolution at an Extra-Ordinary meeting.
- d. An extra ordinary resolution at an Annual General Meeting.

13. Only one of the following persons is competent to be appointed as a liquidator of the company.

- a. Grant Corporate packaging Limited.
- b. Chief Nuhu El-Rufai a director of the company.
- c. Dapo Ribadu an undergraduate of University of Abuja born 1st January, 1994.

- d. Chief John Okeke of John Okeke & Co-External Solicitors to the Company.

14. One of the following is incorrect.

The company can only be dissolved after:

- a. Preparation of final Accounts by the Liquidator
- b. The General Meeting has received the Final Accounts
- c. The removal of the Liquidator
- d. Returns have been forwarded to the Commission

15. Assuming Goldpalms Ltd decides to wind up voluntarily, the declaration of solvency must be made before the company's resolution?

- a. 5 weeks
- b. 3 weeks
- c. 6 weeks
- d. 4 weeks

16. Which of the following is not a condition Goldpalms Ltd must fulfil to be able to wind up voluntarily?

- a. The company must be solvent
- b. The company's assets must exceed its liabilities
- c. The company should not be indebted at all
- d. None of the above

17. The liquidator appointed by the members may act in the case of creditors' voluntary winding up by a directive of:

- a. CAC
- b. The creditors
- c. The Court
- d. The members

18. Every person liable to contribute to the assets of a Company in the event of winding up is called:

- a. A Creditor
- b. A Debenture holder
- c. A Defaulter
- d. A Contributory

19. In compulsory winding up, within how many days of making of the dissolution order must the liquidator submit a copy of the order to the Corporate Affairs Commission?

- a. 15 days
- b. 7 days
- c. 21 days
- d. 14 days

20. The official receiver as defined in CAMA is

- a. The receiver/manager appointed by the company
- b. The receiver/manager appointed by the creditors
- c. The Deputy Registrar of the FHC
- d. The Chief Registrar of the FHC

21. In a creditors' voluntary winding up, the company is deemed dissolved:

- a. After 3 months of the registration of the accounts by the liquidator and returns to CAC
- b. After the court has sanctioned the special resolution
- c. Immediately registration of the account is done and returns made to CAC
- d. None of the above

ANSWERS

WEEK 20

WINDING UP AND DISSOLUTION OF BUSINESS & NON-BUSINESS ORGANISATIONS

1. (B) The Court having jurisdiction to wind up shall be the FHC within whose area of jurisdiction, the registered office of the company has been maintained for the past 6 months. Sec. 407, CAMA.
2. (C) Commencement of winding up proceedings does not bar a company from pursuing a claim on a judgment sum in its favour. Sec. 413-414, CAMA.
3. (A) Winding up for just and equitable ground is one of the grounds for compulsory winding up. Sec. 408(e), CAMA.
4. (C) Failure to declare dividends for more than 5 years is not a ground for compulsory winding up. Sec. 408. Although it could be a ground of minority action and the court may order that the company be wound up if it so desires.
5. (A) Sec. 454(1), CAMA.
6. (A) Only a shareholder can bring an application for compulsory winding up of a company on the **ground of failure to hold statutory meeting or deliver statutory report**. Sec. 410(2)(b).
7. (A) The sum must exceed ₦2,000 and not just ₦2,000. Sec. 409, CAMA
8. (D) Directors of a company are not part of those that can petition for compulsory winding up of a company under Sec. 410, CAMA.
9. (C) The Chief Law Officer of the Federation is the AGF. Sec. 410(2)(d), CAMA.
10. (B) The passing of the resolution to wind up voluntarily is deemed to be the starting point of a voluntary winding up. Sec. 459, CAMA.
11. (C) Statutory declaration of solvency is necessary for voluntary winding up of a company. Sec. 462, CAMA.
12. (B) The resolution for voluntary winding up is a special resolution.
13. (C) Note the age of Dapo (26). And see Sec. 509(1), CAMA for the categories of persons disqualified for being appointed as liquidator.
14. (C)
15. (A) Sec. 462(2)(a), CAMA.
16. (C) Solvency does not mean lack of indebtedness; it only means the company has more assets to offset its liabilities. So, it is possible for a company to be indebted to others, and yet be solvent and capable of undergoing a voluntary winding up.
17. (B)
18. (D)
19. (D) Reg. 43(5), CR.
20. (C) Sec. 419, CAMA. The official receiver is the Deputy Registrar of the Federal High Court.
21. (A) Sec. 478(4), CAMA.