FUNTAJ INTERNATIONAL SCHOOL

YEAR 11

THIRD TERM **WEEK ONE**

TOPIC **COMPANY**

A company can be defined as an organization owned by an association of people and operated as a legal person on behalf of its owners with the usual aim of maximizing profit e.g. Nestle plc. Cadbury plc.

FORMATION OF A COMPANY.

In the formation of a limited liability company, the following procedures must be followed.

1. The first is to get the promoters. They are individual who conceive the idea of a company and undertake to fulfill all legal requirement of venture.
2. The following documents will be filed with the registrar of companies. These are memorandum and article of association and statement of nominal capital.
3. The documents stamped and logged with registrar of companies for verification.
4. When the registrar of companies receives and approves the necessary documents, the registrar issues a certificate of incorporation.

MEMORANDUM OF ASSOCIATION

Memorandum of association can be defined as a document which contains the external rules and regulations guiding the affairs of the company. It also refers to powers and objects of the company. It also governs the relationship with the outside world. The following contains in the memorandum of associationg.

1. The name of the company with the word limited at the end.
2. The registered office
3. The object of the company
4. A declaration that the liability is limited
5. The amount of authorized capital.

ARTICLE OF ASSOCIATION

This is a document which states the internal regulations of a limited company. It contains the regulations which govern the internal management of the company's affairs.

Article of associations contain the following

1. The duties and power of directors
2. The right and responsibilities of shareholders
3. How directors may be appointed
4. The right and duties of the members as between each other and the company.

5. The procedure of accounting and auditing of the companies book e.t.c.

CERTIFICATE OF INCORPORATION

This is a document which gives legal authority to the company to operate as a legal personality. It is issued by the registrar of companies after due consultation with the various documents submitted.

PROSPECTUS

This is a document issued by limited companies inviting g the public to subscribe to its shares. The prospectus contains only public companies.

ASSIGNMENT

1, List and Explain 3 kinds of companies

2, List 3 differences between Memorandum of Association and Article of Association.

WEEK TWO

TOPIC **COMPANY ACCOUNT**

TYPES OF COMPANIES

I. Private Limited Liability Company

II. Public Limited Liability Company

PRIVATE LIMITED LIABILITY COMPANY

A Private company is defined by section 28 of the company Act 1948 as a company which by it's
article

1, Restrict the right to transfer shares

2, Limit the number of its member to fifty [50]

3, Prohibits any invitation to the public to subscribe to its shares

4, The private company end their names with the word LIMITED e.g. News watch communications ltd, video Ltd etc.

PUBLIC LIMITED LIABILITY COMPANIES

Public Limited Companies are companies which

1, Invite the public to subscribe its shares

2, The minimum number of shareholders required to form a public limited company is seven [7] and there is no restriction on the maximum number of shareholders

3, The shares are transferable to other persons without informing other shareholders.

4, The name of the company must end with PLC or Public Liability Company.eg Lever Brothers PLC, Nestle PLC, Total PLC etc.

CHARACTERISTICS OF LIMITED COMPANIES

LEGAL PERSON

A company is an artificial person which can sue and be sued. Its personality is distinct from the owners

LIMITED LIABILITIES

The liability of a company is limited to the amount invested in the business.

PERPETUAL EXISTENCE

The ownership of a company can change without changing the company. On the other hand, the company lives beyond the existing owners

A SPECIFIC LINE OF BUSINESS

It is authorized by law for a company to carry on a specific line of business.

DIFFERENCES BETWEEN PRIVATE COMPANY AND PUBLIC COMPANY

1, A private company is owned by individual while the public company is owned by the public

2, The name of the private company must end with LIMITED while the name of a public company must end with LIMITED.

3, The minimum and maximum numbers of shareholders ton form a private company is [2-50], while in the public company is [7-no maximum limit]

4,In the private company, the transfer of shares is restricted by law while in the public company, shares are transferable at will

5, In the private company, the law prohibits any invitation to the public to subscribe for any shares or debentures of the company while in the public company, it is free to offer its shares to the public for subscription through the stock exchange market

6, In the private company, only one director is required by law while in the public company, the minimum of two directors are required.

ASSIGNMENT

Explain 5 advantages of Public limited liability companies

WEEK THREE

TOPIC QUOTED AND UNQUOTED COMPANIES

QUOTED COMPANY

Quoted Company is a Company whose shares can be bought or sold on the stock exchange Market. Quoted shares includes all shares with prices are quoted on a recognized stock exchange or traded on a regulated market.

Quoted shares companies have financial assets which represent property rights in corporation. These Financial assets generally entitle the holder to a share in the profits of the corporation and to a share in their net assets in the event of liquidation. Quoted shares are valued and reported at market values

UNQUOTED PUBLIC COMPANIES

Unquoted company is a company whose shares cannot be traded on the stock exchange market. Unquoted company is also a publicly traded company that previously traded on an exchange market but no longer does

A company may become unquoted if its market capitalization falls to the point that it no longer meet an exchange's listing requirement. Shares in these companies are available in the over the counter market, but they trade in a low volumeh

Unquoted public companies can also result from a company being delisted, because the shares of these companies are not quoted and are rarely traded and are often difficult to price

SHARES

A share is a unit in the capital structure and represents a financial interest in a company.it can also be seen as the portion of the joint company's capital owned by a shareholder

SHARE CAPITAL

Share capital of a company is the amount which it takes power in its memorandum of association to issue and it cannot issue shares in excess

ASSIGNMENT

Write out 3 differences between quoted and unquoted companies

WEEK FOUR

TOPIC FINANCIAL SYSTERM

Financial system or market can be define as a market in which people and entities can trade financial securities, commodities, etc. On the other hand, financial system or market is a place where assets and financial securities are traded at low transaction cost. Financial system include banks, security markets, pension and mutual funds, insurers etc.

TYPES OF FINANCIAL SYSTEM

1, Money market
2, Capital market

MONEY MARKET

Money market can be define as a Market for short term loan. The market consists of institutions or individuals who either have money to lend or which to borrow on a short term basis

ADVANTAGES OF MONEY MARKET

PROVISION OF FINANCE

Money market enables entrepreneurs and investors to raise enough finance through borrowing to run their business

CREATION OF EXTRA INCOME

The money invested in money market is capable of yielding extra income in form of interest

PROMOTION OF ECONOMIC DEVELOPMENT

Economic growth and development is enhanced through borrowing from money market

ABILITY TO RECALL INVESTED FUNDS

Funds invested in the money market are very easy to recall

IT ENHANCES SAVING

Money market provides opportunities for those having surplus fund to invest thereby enhancing savings

INSTITUTIONS INVOLVED IN THE MONEY MARKET

1, Central Bank

2, Commercial Bank
3, Acceptance Houses
4, Finance Houses
5, Discount Houses
6, Insurance Companies

INSTUMENTS USED IN THE MONEY MARKET

1, Treasury Bills
2, Bill of Exchange
3, Call money fund

TREASURY BILLS

Treasury bills is normally issued by the central bank of a country, which assist the government to borrow money from the money market on short basis

BILL OF EXCHANGE

Bill of exchange refers to a promissory note which shows the acknowledge of indebtedness by a debtor to his creditor and his intention to pay the debt on demand or agree time In future, normally ninety (90) days

CALL MONEY FUND

The call money fund or market is a special arrangement in which participating institutions invest surplus money for their immediate requirement on overnight basis with the interest and withdrawal on demand. The call money has an advantage of early return and at the same time are withdrawal on demand. Its provides solution to the immediate stock of liquidity pressures in the money market

ASIGNMENT

Explain the institutions involve in the money market

WEEK FIVE