



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS**  
**SCHOOL OF LAW**  
**MARCH/APRIL 2015 EXAMINATION**

**COURSE CODE: LAW534**

**COURSE TITLE: COMPANY LAW II**

**TIME ALLOWED: 3 Hours**

**INSTRUCTION: Answer Question 1 and any three other questions**

1. XYZ Ltd. opened a new headquarter complex and decided to sell the old one. The book value of the old complex was 120 Million Naira. However, BC Estate valuers, placed the current value at 250 Million Naira. The Chairman however sold the complex to his son-in-law for 80 Million Naira despite the fact that a bank had offered 200 Million Naira for it. The said sale was approved at general meeting. However, Moses believes that the sale at a loss to the company is unfair to the company. He sought counsel from the company secretary but was advised to mind his business since the voice of the majority is the voice of God and only a company can sue for its own wrongs. He then decided to requisition a meeting for the removal of the Chairman as a director of the company. This he did by pasting a handwritten notice of meeting on the gate of the new headquarter complex. No one attended the meeting, he has come to complain to you. Advise him on the legal issues and any remedies available to him.
2. Goodluck and Muhammadu have been friends from primary school and both studied accounting. They have decided to establish an accounting firm. They propose to site the office at Goodluck's mother's house in Asaba, Delta State. As consideration for using Goodluck's mother's house, they wish to appoint her as Office Manager. Profit from the partnership will be shared on equal basis after 20% is taken out to be ploughed back into the business. It is expected that the partnership firm will remain in operation as long as both parties agree and they do not wish to admit any other parties as partners whilst they are in business. They have come to you to prepare their partnership agreement. State 6 items that you will include in the agreement and why it will be important to include them.
3. 'Membership of a company can only be possible upon incorporation of that company'. Critically examine this statement with reference to relevant sections of the Companies and Allied Matters Act.

4. Advise the following on their rights and liabilities under the Companies and Allied Matters Act.
  - a. Ali who holds one share in Blue Boat Plc.
  - b. Angel, a member of Poets Welfare Ltd. Gte.
  - c. Edet, a member of NNPC Services Unltd.
5. Chinelo is inherited her father's shares in UAC Ltd. She is illiterate and does not understand what the fuss is about concerning notices of meetings and their effect on the validity of meetings. Advise her on the fundamental requirements of a valid notice, paying particular reference to:
  - a. Length of notice
  - b. Contents of notice
  - c. Service of notice
  - d. Persons entitled to notice
  - e. Effect of failure to give notice
6. Starblock Plc. has a share capital of N2,000,000.00 divided in individual shares of 50k each.
  - a. How many shares does Starblock Plc. have?
  - b. Should Starblock Plc wish to allot 20% of its share capital, what is the value of the shares to be allotted and how should it go about allotting the shares.