

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKWE EXPRESS WAY, JABI – ABUJA**

**FACULTY OF LAW**

**DEPARTMENT OF COMMERCIAL LAW (CIL)**

**OCTOBER/NOVEMBER EXAMINATION 2016**

**COURSE CODE: LAW 533 (CIL 533)**

**COURSE TITLE: COMPANY LAW I**

**CREDIT UNIT: 4**

**TIME ALLOWED: 2 ½ HOURS**

**INSTRUCTIONS: ANSWER FOUR QUESTIONS ONLY. QUESTION ONE IS COMPULSORY**

**QUESTIONS**

1. In 1990 Jola got married to Jaiye. They had their first child a year later and their second child 10 years later child. In 2011, Jola spent all his money treating Jaiye for schizophrenia. As a director of River bank Plc, he was dismissed for embezzling 10 million Naira a year later. His debtors were unhappy with him and filed a bankruptcy action against him. Jola was subsequently declared bankrupt but was cleared by the court six months later. Last week, he came to you for advice that he his doing well financially irrespective Jane’s health condition and he wants to start up a company with all his family members as shareholders. He would like to name the company Justice Holdings Plc. Advice Jola.
2. The Articles of Abuaba Ltd provides as follows:

“….That a shareholder may be appointed as a director…”.

William who is a shareholder was also appointed as the Finance director of the company. One year after his appointment the company has lost ten million naira. Two years later, the company has lost almost an additional twenty million naira. Due to this loss, some staff were relieved of their jobs, the company had to cut down on operational cost. Members of the top management are unhappy and decided to hold a secret meeting, where it was decided that William should be removed as the Finance Director. The company secretary followed the procedure under the Companies and Allied matters Act, issued the appropriate notice of removal to William, the general meeting was held and William was removed as the financial director, appointing Ngozi to take his place. William is aggrieved and has come to you for advice for wrongful termination of his appointment as a director. Advice William.

1. Discuss in detail the applicability of the rule in *Salomon v Salomon* 1897 AC 22 under Nigerian Law.
2. A corporate body has “no soul to be saved or body to be kicked” Grear L.J in Stepney Corporation v Osofsky (1937) 3 AER 289. What is the significance of this statement in relation to managing the affairs of a company?

5. Advice the following parties:

a. Pastor Alariwo is unhappy with the General overseer of his church and has decided to set up his own church.

b. Chief Okoro intends to set up a company with the name Okoro Holdings. The shareholders of the company will be Chief Okoro, his wife, and children – Okechi, Onyechi and Oluchi ages 21, 19 and 16 respectively.

6. a. Advice Beauty Ltd on the steps it has to take to convert to a public company.

b. Okechukwu, a shop owner has come to you for advice on how to register his motor spare part business. Advice him.