



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja**  
**FACULTY OF LAW**  
**DEPARTMENT OF COMMERCIAL LAW**  
**2020\_1 EXAMINATION**

**COURSE CODE:** CLL533

**COURSE TITLE** Company Law and Business Organisation 1

**CREDIT UNITS:** 4

**INSTRUCTIONS:** (a) Indicate your Matriculation Number clearly  
(b) Attempt Question one (1) and any other three questions – four (4) questions in all  
(c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.  
(d) Using appropriate statutory and judicial authorities, present all your points in coherent and orderly manner.

**TIME** 3 Hours

**ALLOWED:**

---

**QUESTION ONE**

- (a) Some scholars such as Kahn-Freud described the decision in *Salomon's case* as a 'calamitous decision'. Do you agree? **(10 Marks)**
- (b) Ife Jato is a member of the Oxen Nigeria Ltd. Two out of the four members of the company resigned two weeks ago. Ife Jato is afraid that the resignation of the two members means the automatic end of the existence of the company. Advice Ife Jato of the legal implication of the resignation of the two members. **(7.5 Marks)**
- (c) The problem of suing a large number of persons especially where the membership is not static exists. In what way has this challenge been solved regarding partnership and registered association? **(7.5 Marks)**

**QUESTION TWO**

Nduka James has been in the business of shoe making for the past 20 years, and because of quality, his product is well known and of high demand across the country. Nduka James is

contemplating incorporating a company and has approached you. Advise him of the advantages and disadvantages of incorporation of company in Nigeria. **(15 Marks)**

### **QUESTION THREE**

The doctrine of Corporate Personality is fundamental and by and large it is adhered to strictly and rigidly when there is no compelling reason to the contrary. Discuss. **(15 Marks)**

### **QUESTION FOUR**

A promoter represents different things to different people. In many cases they are sometimes regarded as fraudulent people who only takes advantage of a yet to be incorporated company to make money and to the detriment of the company. Others regard them as important in formation of a company. Discuss in details the duties of a promoter. **(15 Marks)**

### **QUESTION FIVE**

Discuss the rule in the case of *Kelner v Baxter* regarding pre-incorporation contracts and the intervention under the Nigerian law. **(15 Marks)**

### **QUESTION SIX**

Discuss the various ways companies had tried to avoid the ultra vires doctrine and the position taken by the court. **(15 Marks)**