

**LEAD CITY UNIVERSITY, IBADAN**  
**FACULTY OF LAW**  
**Department of Private and Business Law**

**COURSE PARTICULAR**

Course Code: PBL 512  
Course Title: Company Law 2  
Second Semester: Part II  
No. of Units: Four (4)  
Status: Compulsory

**LECTURER DETAILS**

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Area of Specialization: Corporate Governance/ Company Law

**Course Description**

This course is an in depth study of Incorporated Company's Structure and internal organisation.

**Course Objective**

The fundamental objectives of this course are to:

1. Familiarize students with the structure and workings of a registered company as provided for by and under the Companies and Allied Matters Act.
2. Acquaint students with the duties of Company Directors, Secretary and Members, and the relationship between the organs of the company.
3. Make the students know the difference between various types of meetings, resolutions and management of the company generally.
4. At the end of the semester, the students are expected to have a robust understanding of company securities; namely shares and debentures, transfer of shares; fixed and floating charges.
5. Ensure the students know the process/procedure for winding-up of a company, Reconstruction and Take-Overs. Also, a good understanding of partnership and contents of partnership deed.

### **Assessment**

Class Attendance	-	10 Marks
Test(s) and Assignment	-	30 Marks
Final Examination	-	60 Marks
Total	-	100 Marks

### **LECTURE PLAN**

<b>WEEK</b>	<b>TOPIC</b>
Week 1	Corporate Administration
Week 2	Company Liability for Crime, Division of Power between General Meeting & the Board of Directors
Week 3	Meeting and Types of Meeting
Week 4	Notice of Meetings and Resolutions
Week 5	Company Securities – Shares and Debentures
Week 6	Company Securities – Sales & Transfer of Shares, Floating Charges
Week 7	Majority Powers and Minority Rights.
Week 8	Majority Powers and Minority Rights.
Week 9	Partnerships
Week 10	Dissolutions of Partnerships
Week 11	Winding-Up
Week 12	Reconstruction and Take-Overs
Week 13	ADR
Week 14	Revision and Tutorials
Week 15	Revision and Tutorials

### **Reading List.**

1. Companies and Allied Matters Act.
2. Company Law and Practice in Nigeria - O. Orojo
3. Cases and materials on Nigerian Company Law – Kiser D. Barnes
4. Smith and Keenan’s Company Law - 7<sup>th</sup> Ed. Denis Keenan
5. Gower’s Principle of Modern Company Law - 6<sup>th</sup> Ed. Gower

### **Tutorial Questions**

1. (a) The Board of Directors of two distressed banks have passed identical resolutions that their companies be merged. Describe the procedure for the merger of the companies with particular reference to the provisions of the Companies and Allied Act.  
(b) State the procedure for the reduction of the share capital of a company.
2. At the board meeting of Fortune Royal, the five directors were split into two camps along ideological ideas. The chairman and two other directors continued with the meeting while the managing director and the director walked out in protest over the issue. The chairman and the two other directors sensing that the company secretary may be loyal to the managing director, instructed the manager (personnel) to issue a letter of termination of appointment to the company secretary with the payment of salary in lieu of notice. The company secretary has issued a writ challenging his

removal from office, contending that the procedure prescribed by the Companies Decree was not followed.

Advise the company.

3. (a) What is the importance of notice to company meetings?
- (b) Compare the liabilities of a dormant (sleeping) partner and a shareholder of a limited liability company if the firm and the company are wound up for inability to pay their debts.

(4) (a) Compare and contrast shares and debentures as components of a company's capital

(b) What is a floating charge? *Distinguish it from a fixed charge.*

5.(a) Park Ltd is a private company operating at Abuja. The company is quite viable. Although it is a solid minerals sector which the Federal Government is interested in developing; boardroom politics is threatening the survival of the Company. A fallout of this rift is that in the last two years, the company has been virtually dormant. It is thus in a traumatic condition and its liabilities have far exceeded its assets. The Managing Director of the company is of the opinion that some structural re-organisation is imperative. Accordingly he has sought your opinion on the various options open to the company. Advise him.

- (b) Assuming that the company in (a) above decides to appoint liquidator to sell off the whole of the undertaking, state concisely, in numbered paragraphs the procedure.
- (c) Advise that the company in (a) above decides to appoint a liquidator to sell the whole of the undertaking, state concisely, in numbered paragraphs the procedure.

6. (a) Dung is a shareholder in JenJen Ltd, he holds 1,000,000 ordinary shares of N1.00 each. He intends to sell the shares to Adesola but is also wondering whether he should keep some of the shares for himself.

- (i) Advise him on the procedure for transfer of all his shares to Adesola
- (ii) Would your advice be different if he decides to keep some of the shares for himself and sell the others to Adesola? State the differences if any.
- (b) Prepare the notice of annual general meeting of a public company
- (c) Mention the major steps involved in:
  - (i) A merger of two companies
  - (ii) Members' Voluntary Winding Up.

7. Mr. Oge sold all his shares in Pam Nigeria Ltd on 5<sup>th</sup> January 1998, to Mrs. Olatunji. Mr. Oge duly completed the instrument of transfer and handed it over to Mrs. Olatunji with the share certificate. Mrs. Olatunji duly completed her portion in the instrument on 5<sup>th</sup> June, 1998. The company declared bonus shares and forwarded the additional share certificate to Mr. Oge. Mr. Oge now asserts that since the company sent him the certificate, he is the rightful owner of the bonus shares.

- (a) Advise Mrs. Olatunji on the steps she should take to protect herself and secure appropriate relief in respect of the bonus shares.
- (b) What do you understand by "certification of transfer"?

(c) Assuming that Mr. Oge, a sole shareholder died intestate, what is the procedure for the acquisition of shares owned by him?

(d) What is the distinction between “transfer” and “allotment?”

8. (i) Ranaldo and Messi were the directors of Badrid Nig. Ltd.

However due to a disagreement over sharing of money, they are no longer on talking terms and cannot hold any Board Meeting. The business of the company is deteriorating. The general meeting is making moves to intervene and take over the management of the company. **Advise the general meeting on the position of the law.**

(ii) The directors of Alatishe Nig. Ltd. have resolved in their last Board Meeting not to institute an action against one of the company suppliers. The General Meeting is not happy and has resolved at the Annual General Meeting to institute an action against the supplier.

(iii) Discuss the circumstances in which the General Meeting may intervene in the management of a company.

9. (i) Discuss the rights and duties of Partners.

(i) Examine the circumstances in which a partnership may be determined.

10. “But it is of course, usual today for the articles of association to delegate to the directors the management of many, or all, of the company’s affairs; where this is so, it has been decided, within the last fifty years, that the registered company’s shareholders in general meeting cannot interfere with the exercise of the director’s powers, although the majority can, since 1948, dismiss them”. Hard Wedderburn, 1957, “Shareholders Rights and the Rule in Foss v. Harbottle C.L.J. 194 at 210. **Discuss the current position of the law on corporate management in Nigeria.**

11a. “Inability of company to pay her debt is one of the grounds for winding-up a company”.

With the aid of decided cases and statutory provisions, explain when a company is unable to pay her debts.

b. Under what situations can a company be wound up:

(i) By the court.

(ii) Subject to the supervision of the court.

12. Explain the following:

(a) Statutory Meeting

(b) General Meeting

(c) Extra-Ordinary Meeting

(d) Court-Ordered Meeting