

BOWEN UNIVERSITY
(Of the Nigerian Baptist Convention)
IWO, OSUN STATE
COLLEGE OF LAW

2024/2025 ACADEMIC SESSION SECOND SEMESTER EXAMINATION
COURSE CODE: PCL 504 **COURSE TITLE: LAW OF BUSINESS**
ASSOCIATIONS II

INSTRUCTIONS

ANSWER ANY FOUR QUESTIONS **TIME ALLOWED: 3 HOURS**
EACH QUESTION ATTRACTS 17^{1/2} MARKS

1. Bayo had proposed a takeover bid of Syntax Ltd, which bid the directors of the company considered not to be favourable to the shareholders because it would have enabled Bayo to appoint a new board for the company. The directors believed firmly that it would be of great benefit to the company and its employees to leave its management in the hands of the existing board. Therefore, the directors issued shares with special voting rights to some trustees of the board for the benefit of the company's employees. By that action, they forestalled Bayo's takeover bid by defeating the existing majority shareholding in the company.

A group of the shareholders of Syntax Ltd has approached you for an advice on the legal implication of the action of the directors of Syntax Ltd, the justification that the directors relied upon, and the way forward. The group is interested also in knowing the law that applies to tilting the scale of control away from the incumbent management of a company through share allotment and acquisition.

Advise the group.

2. Boma, a majority shareholder and director of Bomadi Ltd that had three other directors, sold a housing estate to Bomadi Ltd. The board of directors of the company had authorized the sale by a resolution, which it passed at a meeting of the full board held the week before the sale transaction. The shareholders thereafter ratified the sale at a general meeting of the members. Boma made use of his majority votes of 30 plus the votes of two of the remaining directors to secure a majority of 40 votes out of the directors/company's 50 votes so as to pass the resolution that authorised the sale at the board meeting as well as to secure the ratification of the sale by the general meeting of the company.
The minority shareholders have come to you, complaining that Boma abused her office in selling the housing estate to Bomadi Ltd as a captive purchaser.
In the light of the statutory and case law duties of the directors of Bomadi Ltd, advise the minority shareholders of the company on the particular duty that should be in focus. In addition, would the minority shareholders succeed in court if they proceeded against Boma?

3. The board of directors of Siebe PLC intends to raise fund for the expansion of the business of the company because of the opportunity that the relationship between Nigeria and other ECOWAS countries offers. The board resolved at its last meeting to raise the needed capital

by issuing fixed income securities, particularly debentures. The company's financial and operational positions point to a need for the variation of the charges that it could create over its assets so as to enable it deal freely with some of them during the tenor of its loan commitment.

Identify as well as distinguish the charges that Siebe PLC could create, and state the rule on the priority of one over the other.

- 4. Katanga PLC has a new board of directors because the General Meeting of the company removed all the former directors. You assumed office as the Company Secretary at the beginning of year 2025. The records of the company revealed that the former board was divided and the business of the company suffered greatly. As a matter of fact, board meetings did not hold regularly because of stalemates and power plays. In addition, there were times that company meetings could not be held because the conduct of the members of the former board made it difficult for the company to comply the provisions its articles of association on quorum and the forum for meetings. Available records show that the majority camp of the former board was in the habit of holding board meetings to take important decisions when the minority camp was away, and without giving the requisite notice to members of the minority camp.

Write an opinion on the issues in the facts before you.

- 5. Dan Ltd has been in operation for two decades. The audited financial statements of the company shows that the company has not traded profitably over three of the past five financial years. Consequently, the board of directors resolved at its meeting for the first quarter of year 2025 to dissolve the company. A valuation of the assets of the company shows that the company will be in the position to pay off its creditors. When the valuation report was subjected to verification, the outcome suggested that the company should consider all variants of dissolution.

Notwithstanding the ongoing, an opinion in the company suggests that the company is mostly in financial difficulties because of some provisions of its articles of association that authorize certain remunerations and outgoings that drain the financial resources of the company. Therefore, it should be sufficient if the articles of association of the company were amended.

Write a legal advice on the options that Dan Ltd has if it chooses to dissolve the company. In addition, discuss the procedure for amending the articles of association as recommended, and the effects of that step.

- 6. Corporate restructuring could take diverse forms, especially under the Companies and Allied Matters Act, 2020 (as amended by the Business Facilitation (Miscellaneous Provisions) Act, 2023), Federal Competition and Consumer Protection Act, 2018, and the Investments and Securities Act, 2025.

Write succinct but explanatory notes on:

- (a) Mergers, its types and regulator(s);
- (b) Administration of company; and
- (c) Arrangement and netting