

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

BACHELOR OF LAWS (LL.B.) EXAMINATIONS

FIRST SEMESTER, 2022/2023 ACADEMIC SESSION

PCL 503 – LAW OF BUSINESS ASSOCIATIONS I

INSTRUCTIONS: ANSWER ANY FOUR QUESTIONS

EACH QUESTION CARRIES 17^{1/2} MARKS TIME ALLOWED: 3 HOURS

1. In 2022, Adinkua PLC offered its shares to members of the public for subscription. It issued a prospectus that the various departments of the company prepared, on which its legal department purportedly did due diligence. It also has an expert report attached to it.

After the completion meeting that the Board of Directors of the company held on the public offer, the company opened the offer and received applications for subscription from members of the public. The public offer was so successful that the shares were fully subscribed.

A group of subscribers to the shares of Adinkua PLC has discovered that although the company stated in the prospectus of the offer that it had made profits during its past three financial years, the company had traded at a loss. This group has approached you to institute an action against Adinkua PLC over the matter.

Of interest to the group are the likely liability, the persons in the liability net, and the grounds upon which the persons could avoid liability.

With the aid of statutory provisions and decided cases, advise the group of subscribers on all legal issues on the public offer.

2. The Junior Chamber of Commerce International (JCI) intends to hold a business fair which includes teaching young entrepreneurs the process of preparing proposals to the Bank of Industry (BOI) on issues that include choice of business organization. Consequently, JCI has invited you to present a brief on partnership and its types, together with the attributes of each. Your brief should end with your preference and the reasons for it.

Prepare your brief with the aid of the relevant provisions of the Companies and Allied Matters Act, 2020 and decided cases.

3. Havilah has come to your law office to seek your advice on his complaints about his dealings with Samson Ltd. According to him, Samson Okoro, the majority

shareholder of Samson Limited, agreed to sell a parcel of land to him in the year 2020 at the purchase price of N20 million, for which Havilah paid a deposit of N10 million. Suddenly, the land increased geometrically in value and Samson formed Samson Ltd as well as transferred the land to the company. When Havilah transferred the balance of the purchase price to Samson, he rejected it, contending that the land belongs to Samson Ltd.

With the aid of statutory provisions and decided cases, advise Havilah of the legal consequence of Samson's conduct and the remedy, if any, that Havilah could seek in court. In addition, explain other situations, if any, that could have the same legal consequence.

4. In 2020, ten members Confidence Law Class of 2002 called "The Group" formed and incorporated a company named The Group Ltd. At planning stage in 2019, Osaro Igunbe and Stalin Agaba, as members of The Group, had the responsibility of not only forming the company but also making initial procurements on its behalf. The company intended to purchase 10 acres of land near Kano Industrial Estate and some agricultural equipment for its proposed agro-allied business. Coincidentally, Stalin Agaba, who had worked for Kaira Agro-Allied Equipment PLC as a Marketing Manager, used his influence to purchase from the company the equipment that The Group Ltd would need at a 5% discount, which amounted to N10,000,000 (ten million Naira). In addition, Agro-Allied Equipment paid him a commission of N2,000,000 (two million Naira) for placing the business with them. Stalin Agaba paid the commission into his bank account and the discount into the bank account of The Group Ltd. Osaro Igunbe sold 10 acres out of his land holding to The Group Ltd at the market price since the land was near the Kano Industrial Estate, which suited the company's needs.

At the first Annual General Meeting of The Group Ltd, a member moved a motion for the ratification of the purchases made by Stalin Agaba and Osaro Igunbe, but Daniel Umaru, another member of the company, has queried the transactions. Osaro responded that The Group Ltd will cover 80% of the purchase price of the land, which he procured for the company at the prevailing market price.

With the aid of statutory provisions and judicial authorities, advise the board of The Group Ltd.

5. One of the businesses of Waterflow Group of Companies PLC in its memorandum of association is manufacturing of rubber water pipes and storage tanks. Another clause provides that "the company shall also do the business of buying and selling." The final sub-clause of the business clause provides that "the company can do all such businesses as may be incidental and conducive to the attainment of the above businesses and powers or any of them." Waterflow Group of Companies PLC secured a multi-million Naira contract for water pipes layout of all Government Reservation Areas of the capital of a state in the northern part of Nigeria. For that purpose, it hired sub-contractors who executed various works at the cost of N100 million. Waterflow

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