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

2025_2 EXAMINATIONS

COURSE CODE: CLL806

COURSE TITLE: LAW OF SECURED CREDIT TRANSACTIONS II

CREDIT UNITS: **3**

INSTRUCTIONS:
(a) Indicate your Matriculation Number clearly
(b) Attempt Question one (1) and any other two (2) questions
(c) Question one (1) is compulsory and carries 30 marks; while the other questions carry 20 marks each.
(d) Using appropriate statutory and judicial authorities, present all your points in a straightforward, coherent and orderly manner.

TIME ALLOWED: 3 Hours

Question 1
One of the innovations of CAMA 2020 relates to responsibility of officers for antecedent transactions where a company enters administration or goes into liquidation or administration. Transactions at an undervalue in section 659 CAMA 2020 is one of them.
(a) What is the philosophy behind the provision relating to transactions at an undervalue? Give one example of transactions at an undervalue to support your answer. (5 marks)
(b) What are the elements of transactions at an undervalue? (15 marks)
(c) If a court is considering the value of a consideration passing between the company and the other party, what guiding principles would you prescribe for the court? (10 marks)

Question 2
Mr. Edward is a member of the Institute of Chartered Accountants of Nigeria. He seeks to build a scintillating career in the insolvency field. Advise him on how to give effect to his dream. (20 marks)

Question 3
In an attempt to avert ultimate slide into insolvent liquidation, the board of Renewed Hope Nigeria Limited intends to initiate a scheme with its creditors pursuant to section 715 CAMA 2020 as its preferred efficient business rescue mechanism. Write a position paper to the board setting out the benefits or downsides (if any) of the option. (20 marks)

Question 4
(a) When does the power of a debenture trustee to appoint a receiver become exercisable? (10 marks)
(b) Why must the receiver albeit properly appointed apply to the court for direction? (5 marks)
(c) Bring out the instance where the receiver, although the agent of the appointor, becomes a fiduciary of the company. (5 marks)

Question 5
The Administration introduced by CAMA 2020 is believed to hold the key to rescuing companies in the zone of insolvency and has elicited some questions:
(a) Does administration as a business rescue process hold a promise? (5 marks)
(b) Do you think the hierarchy of objectives is disincentive to the mechanism? (10 marks)
(c) What is the legal position of an administrator? (5 marks)