

**MEMORANDUM**

**OF**

**UNDERSTANDING**

**BETWEEN**

**MR. AB**

**AND**

**MR. CD**

## **MEMORANDUM OF UNDERSTANDING**

**THIS MEMORANDUM OF UNDERSTANDING** (M.O.U) is made the ..... day of ....., 2007, BETWEEN **MR. AB** of No. 10, Royal Road, Benin City (hereinafter referred to as “**the 1st Party**” which expression shall where the context so admits, include his heirs, assigns, executors and administrators) of the one part AND **MR. CD** of No. 29, Kings Street, Benin City, (hereinafter referred to as “**the 2nd Party**” which expression shall where the context so admits, include his heirs, assigns, executors and administrators) of the other part.

### **WHEREAS:**

1. The 1st and 2nd Party (hereinafter referred to as “**the Parties**”) have agreed to carry on business under the name and style of “**ROYAL CONCEPTS**”, and to engage in the production of marble and ceramic floor tiles(hereinafter called “**the trade**”).
2. In pursuance of the aforesaid agreement, the Parties shall carry on the trade, subject to the terms and conditions as stipulated in this M.O.U.

### **NOW THIS M.O.U. WITNESSES AS FOLLOWS:**

1. The Parties shall be deemed to have commenced the trade on the date this M.O.U is executed and shall continue from that date until determined as hereinafter provided.
2. The trade shall be carried on at Benin City or at such other place or places as the Parties may from time to time agree upon.
3. The 1st Party shall provide the sum of ₦1,050,000.00 (One million and fifty thousand Naira) for the payment of rent for the factory premises, in addition to the provision of the production machines / equipment, a generating plant, and a vehicle, all valued at ₦1,050,000.00 (One million and fifty thousand Naira), both contributions representing 60% as part of his equity contribution to the share capital of the trade.

4. The 2nd Party shall provide the cash sum of ₦1,400,000.00 (One million, four hundred thousand Naira), representing 40% of his equity contribution to the share capital of the trade.
5. The Parties shall open and maintain a business account with a reputable bank for the trade and all cheques shall be signed by both Parties who will be the joint signatories to the bank account.
6. The Parties shall maintain a capital base of ₦3,500,000.00 (three million, five hundred thousand Naira) and if at any time hereafter, any further capital is required for the trade, the Parties shall make further contributions in that regard.
7. The profits and losses of the trade (including loss of capital) shall be divided between and borne by the Parties in the proportion of 60% and 40% by the 1st and 2nd Party respectively. Such sharing shall be done every three months.
8. The Parties shall keep all necessary and proper books of account, to record all the assets and liabilities, and the profits and losses of the trade, and the same shall be signed by both Parties, and be binding on them unless some manifest error shall be found by them in which case, the same shall be rectified accordingly.
9. Each Party shall at all times:
  - (i) show the utmost good faith to the other in all matters relating to the trade;
  - (ii) conduct himself in a proper and responsible manner and use his best skill and endeavours to promote the trade; and
  - (iii) dutifully perform his obligations, covenants and conditions under this MO.U.
10. Any Party who intends to terminate this M.O.U shall give the other Party at least three months notice in writing of his intention to terminate same.

11. In the event of the termination of this M.O.U., both Parties shall share the proceeds of the trade in the proportion of their contribution to the capital base of the trade in the ratio of 60% and 40% respectively as stated in clause 7 above.
12. If during the continuance of this M.O.U any Party dies, or becomes bankrupt, or becomes medically unfit to carry on the trade, the surviving or solvent, or other Party shall serve a written notice of termination of the M.O.U on the personal representatives, executors, administrators or the receiver of the affected Party, and the provisions of clause 11 as aforementioned shall apply accordingly.
13. Any dispute arising out of this M.O.U between the Parties or their respective representatives or between one Party and the representatives of the other Party shall be referred to Arbitration, in accordance with the provisions of the Arbitration and Conciliation Act, Laws of the Federation of Nigeria.

SIGNED, SEALED AND DELIVERED  
BY THE WITHIN NAMED 1ST PARTY

\_\_\_\_\_

**1ST PARTY**

In the presence of;

**Name:** .....

**Address:** .....

\_\_\_\_\_

**WITNESS**

.....

**Occupation:** .....

SIGNED, SEALED AND DELIVERED  
BY THE WITHIN NAMED 2ND PARTY

\_\_\_\_\_

**2ND PARTY**

In the presence of;

**Name:** .....

**Address:** .....

\_\_\_\_\_

.....

**Occupation:** .....

**WITNESS**

**Prepared by:**

**GURU GURU ESQ.**