A CRITICAL APPRAISAL AND DEVELOPMENT OF THE ORIGIN OF THE NIGERIAN COMPANY LAW

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A LONG ESSAY WRITTEN AND SUBMITTED TO THE FACULTY OF LAW, UNIVERSITY OF BENIN IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELORS OF KAWS (LLB) OF THE UNIVERSITY OF BENIN, BENIN CITY.

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CERTIFICATION

I **Ivie Naomi EWEKA,** With **MATRICULATION NUMBER LAW1906167,** hereby certify that apart from references to the other persons works, which have been duly acknowledged, the entire work is a product of my research, and this project has neither in whole nor in part been presented for another degree elsewhere

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APPROVAL

We certify that this project was written and completed by **Ivie Naomi EWEKA** with **Matriculation Number LAW1906167** in Partial Fulfilment of the requirements for the award of a bachelors of law degree.

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DEDICATION

This project is dedicated to God Almighty who has been the source of my strength throughout my stay in the University of Benin and my journey in acquiring this degree. I also dedicate this work to my parents (Engr. Frank Eweka and Mrs. Nana Fatima Eweka) whose unwavering support and immense love has not dimmed since the day I was given birth to. And lastly to my partner, best friend and confidant, whose love has continued to increase since the final days in the university of Benin, Engr. Llewellyn Uyiosa Igbinosun.

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LIST OF ABBREVIATIONS

LR – Law reports

ISA- Investment and Securities Act

SEC- Securities and exchange commission

CAMA- Companies and Allied Matters Act

Ed. – Editor

CAP- Chapter

LFN- Law if the Federation of Nigeria

USA- United States of America

s- Section

ss- Sections

Ltd- Limited

UK- Kingdom

NWLR- Nigeria Weekly Law Reports

CAC- Corporate Affairs Commission

IFRS – International Financial Reporting Standards

AC – Appeal case

ALL ER – ALL England Law Reports

Vol- Volume

LRC – Law Report Chancery

Pt- Part

Pg.- Page

Int- International

Nig- Nigeria

Co.- Company

UKPC- United Kingdom Privy Council

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ABSTRACT

Trade and businesses are among the most regulated sectors of the Nigerian economy. This is not unconnected to the fact that companies and associations have a wide spectre of stakeholders which means that their activities affect beyond just their members but permeates the entire society. Some of these activities over the years become too notorious to be overlooked in the determination of the relevancy of provisions of law to guide the corporate sector; just as in other sectors. Businesses and charitable organizations are monitored from inception to death by a number of bodies guided by extant laws chief of which are the Companies and Allied Matters Act (CAMA) and the Investment and Securities Act (ISA). Recently, the CAMA was repealed and re-enacted to fortify the old law with the realities of the emerging business world after years of yearnings and criticisms. This work adopts a doctrinal approach in analysing the role of past events in shaping the country's corporate sector. The paper finds that the major components of Nigeria's company law as encapsulated especially in the CAMA are major restatements and collection of principles, doctrines and adopted practices that have evolved over the course of history even before Nigeria gained her independence in 1960. Albeit there are already criticisms regarding some provisions in the CAMA, it is on a whole very responsive to the present realities of the corporate sector. The work concludes that whilst there will always be criticisms trailing every law, to which the current company law under the regime of CAMA and ISA is not immune, the benefits of lessons learnt from history are evident in the present state of Nigeria's company law. The paper finally recommends for a more responsive approach to law making in the corporate sector.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 INTRODUCTION

Company law itself is the study of laws regulating the management and regulations of companies[1]. A company is described as an association of a number of persons for a common goal or objective. Company laws are enactment which regulates the affairs of companies irrespective of the kind of company. Though there have been various Amendments of these laws over the years, it remains an essential tool in the formation and management of registered companies in Nigeria.

1.1 BACKGROUND OF STUDY

In this research we begin by looking at the historical development of company law. Quite clearly many parts of the law, need not be studied with the historical developments.

The development of company was influenced by the discovery of a broad world. The growth of the corporate sector also has its roots. By the second half of the 17th century, two different types of Commercial associations had emerged. The first and most popular was the partnership which are Unincorporated which although may later grow into joint stock company, and apply for a charter. Capital was generally raised by contributions from the members. The capital was divided into transferable shares and in fact could be transferred by the original partners.

A registered company in the Nigerian context, is that whose briefing and memart are registered by the corporate affairs commission with relevance to the Companies and Allied Matters Act, upon the requirements and conditions that are set out by law. It can be said that the Companies and Allied Matters Act completes a feasibility study of a company or the

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1 K. Aina 'company law and business association '(2013) 1 (4) <https://nou.edu.ng>last accessed February 11th 2025

corporate sector. Upon proper or due registration, a company is set to attain and has the attribute of being a legal entity, separate from its members and owners with the capacity to enter into contracts, own property, sue and be sued, have rights and obligations[2]. With due registration, a company is set to have its own identity distinct from its individual members. Whilst company law can be seen as a body of persons having in law separate and distinct existence and duties from those of the Individual persons who from time to time formed the corporation.[3]

Re Stauley, Buckley j. Stated that company was an ambiguous term with no strictly technical or legal meaning. The ambiguity in meaning may of course be as a result of the inclusion of partnership or other Unincorporated association in the definition of a company. The case of *Smith v Anderson James I.J* asserted that

Following the years preceding the year 1720, there was a surge of white collar crimes, where through means of manipulation divert their resources and investment, and would not declare dividends. In a bid to curb this and protect the interest of investors, the Bubble Act was enacted in 1720.By virtue of the Bubble Act of 1720, the use of corporation was generally prohibited unless it was authorised to Act as such by an Act of parliament. This gave investors much security when it came to their interests. The Act to a very large extent, led to the prevention of unwarranted springing up of companies but it started a wave of unincorporated association which were in law, large partnerships that have transferable shares. Mind you the Bubble Act did not prohibit the partnership in which individuals come together and put their money together for the purpose of making profits by virtue of Section 1 of the Partnership act 1890. However, because this associations were not incorporated companies ,they could not own properties ,and this led to the adoption of the equitable

2 s36 Companies and Allied Matters Act 2020

3 Gower's *principle of modern company law* (10th Ed: sweet Maxwell:1979) pt. 1

doctrine of trust, in which the property of association is vested in the trustees appointed for the association using the instrumentality of a trust deed also called deed of settlement.[4]Section 19 CAMA 2020 provides that no company, association, or partnership, Consisting more than 20 persons shall be formed for the purpose of carrying on any business for profit or gain by the company, association, or partnership, or by the individual members thereof, unless it is registered as a company under this Act, or is formed in pursuance of some other enactment in force in Nigeria.

This topic was picked to give a detailed view and analysis on the roots of the company law and how it migrated over time to and affects the present Nigeria corporate sector.

The history and the present nature of the system have been greatly influenced by this consideration because it is in the nature of law formulated from time to time to reflect the problem of the past: Historical past and modern setting of the laws relating to companies cannot be easily understood without a brief reference to the history and development of the system.

The issues emanating from the research topics is that at a point the Bubble Act regime prohibited joint stock companies. It at a point blocked the intelligent development of law however it was to protect the south sea company from collapse but it was not effective enough and it led to the collapse of numerous companies and a lot of investors lost their investment. We would also address in this research work the issue of fraudulent activities associated with the corporate sector.

1.2 STATEMENT OF RESEARCH PROBLEMS

In our everyday life, problems arise and these problems cannot be over emphasised, when it also applies to law. The early formation stage of joint stock companies system, paved way for

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[4] K. Aina 'company law and business association '(2013) 1 (4) <https://nou.edu.ng>last accessed February 11th 2025

its own abolition by the fraudulent practices it engaged in, which led to its rejection as a trading institution in England. Let's be reminded that the nature of law formulated from time to time is to reflect on the problems of the past.

More than 200 companies were formed around the year 1720[5] this companies were formed for the prosecution of every kind of Enterprise. Most of the scheme turned out to be fraudulent and planned to defraud the unwarranted public. There was illegal sale and transfer of charters, while some acquired obsolete charters. The failure of government to regulate and make proper laws to prevent abuse led to the problems and also eventual collapse of the system.

The South Sea Company which was chartered by the crown, went ahead to buy up the National Debt of about £31,000,000.00 with the plan to further extend its trade from the accruing interest expected. This was not to be, as the company failed, and would not meet the expectation of the subscribers. This caused a lot of embarrassment for the government as many members of the government and parliament subscribed huge sums of money into the company. There was panic and the parliament moved swiftly and on the 17thApril, 1720 the House of Commons passed a resolution, emphasizing the effects of rash speculations, numerous associations that acted without lawful authority. [6]

Moving on, we would address the blockage of the joint stock companies by the Bubble Act 1720. We would discover that this Act did not prohibit partnership as before. The idea was that since partnership permitted several individuals to pool their money together for profit. With the aid of equity and by the use of trust, recognizing the fact that the Bubble Act did not

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5 A. Anderson *Historical and chronological deduction of the origin of commerce* (1 1st edn Contemporary calf 1787). 291

6 *Ibid* (n 3)

prohibit a group of people calling themselves a company so long as the company did not presume to be a corporate body dealing with shares, it was not against the law; and because these associations were not corporations they could not own their own property.

It is clear that the Bubble Act regime 1720.was great ingredient to the devil of company law and for over 100 years it held sharing effect blocking an intelligent development of law. Gradually with the aid of equity we are able to systematically avoid the provisions of the law and lay a solid foundation for the development of the law which is still operated till today.

The Bubble Act which prohibited joint stock companies yet with ingenuity of lawyers and with the help of trust they devised a deed of settlement companies that was specifically structured using companies prohibited under this Act. We were able to achieve and get a better understanding than others of them want the same commercial purpose. This deed of settlement companies actually brought the concepts in company law and since then the influence of equity cannot be divorced from company law.

The problem emanating from this silent war between the Bubble Act 1720 and the joint stock companies prompted me into carrying out this research, as we go by and study other chapters, solutions, effects, contributions both positive and negative would be discussed and it will give a better understanding of this course as it will generally state the solution to whatever problems discussed in this chapter.

1.3 AIM AND OBJECTIVES

The purpose of this research topic '**A critical appraisal and development of the origin of the Nigerian company law' is** for us to get a better understanding about the implications of the historical development of company law and how it affects the corporate system. The main objective here is that it will;

- Identify the rise of incorporation of companies and the fraudulent activities that followed the boom
- The promulgation of the Bubble Act 1720 and its relationship with company law
- This paper would also get a chance to explain how the ingredients of the Bubble Act contributed to the development of company law
- Lastly this paper would recommend ideas on a better understanding on how the corporate world works.

1.4 RESEARCH QUESTIONS

1. What positive effect arose from the blockage of the joint stock companies by the Bubble Act?
2. What contributions did the Bubble Act give to knowledge on how the corporate world works in our today world?
3. Did the Implications of History contribute more positively to the corporate world or it was just telling a story?
4. Can we say that the consequences on the blockage was more than the benefit?
5. Did the Bubble Act really mean any harm when it prohibited the joint stock company?
6. And lastly what are the relevance this laws when it concerns the relevance of the incorporation of companies.

1.5. SIGNIFICANCE OF STUDY

This research work gives us more knowledge and insight about the implications of History on the world's corporate sector and its relationship with the Nigerian company law. We would also see to benefit the legislative role in penetrating the fraudulent acts of stockholders and blocking the road from escaping liability. Company law as a very broad. This study and expected findings should be of benefits to law students who seek to be immersed in the knowledge of Company law, and those who choose it as a field of study. It would also benefit the individuals who chooses to invest or buy stocks in incorporated companies.

1.6 SCOPE OF LIMITATIONS OF STUDY

The range of the topics put down in this research, would give more insight on how the root of the corporate world affects its activities. However this research work will not cover the range fraudulent activities in the Nigerian corporate world, but only the development of company law and its comparison with other international bodies.

1.7 METHODOLOGY

The historical method was adopted in this work of study. It is the study of primary and secondary sources such as historical documents and archives, in researching an event from the past, examples are the period before 1720, The period after 1720 until 1825, Lastly, from 1825 to the present day

The reason for adopting this method in this work of study is that it includes flexibility, unobtrusive observance within a natural setting, the ability to gain meaningful insights from the past and the possibilities of looking at the past to make predictions about the future.

The steps in historical design includes gathering data from secondary and primary sources. The primary and secondary sources were conducted in this research work. The primary sources include the; statutes enacted by the federal, state and local authorities, the constitution and case laws, the secondary sources include the journals, books, encyclopaedias. This sources would guide me as I explain the purpose of this work.

1.8 STRUCTURE OF STUDY

This research is structured into five chapters addressing crucial elements of the history of the Nigerian company law.

Chapter one serves as the introduction to this research, laying the ground work for the entire study, it commenced with a detailed exploration of the background of study. Providing context and rationale for investigation the statement of the problem identifies the special issues addressed

The chapter articulates the broad aim and objectives of the study setting directions for subsequent chapters' emphasis is placed on the significance of study, the scope of limitations of research are carefully delineate to provide a clear framework

Chapter two serves as a theoretical framework for the research presenting a conceptual framework that defines the key term it establishes a historical context and introduces different theoretical perspectives.

Chapter three delves into a detailed analysis of the international and domestic legal and institutional framework regulating company law

Chapter four carries out a detailed comparative analysis of the different approach

Chapter five synthesis the entire research endeavour. It gives a concise yet comprehensive summary of key findings

1.9 CONCLUSION

At a positive level company law has made it easier for organisations to act automatically and also supply a quick decision making process. In conclusion ethical conduct is critical to the success of any business and this ethical conduct, the provisions of law has provided, thereby giving the operations of company law a strong backing, making its activities seamless as possible, in this research work we would give a very detailed explanation on the roots of company law, how it affects a nation corporate world and how the provisions of law differs from other nations provisions.

CHAPTER TWO

INTRODUCTION TO COMPANY LAW

2.0 INTRODUCTION

The development and growth of company law has made it imperative for us to be acquainted with new trends in Company law. We can recall that before the advent of the Portuguese and British traders the place known today as Nigeria had its own way of trading. The kind of trade embarked then was trade by barter. The growth in business created an imperative regulations of company operations[7].

The development of the corporate world in which the company law is its key component is a gradual build up and systematic codifications of developing principles doctrines and practiced found worthy for the proper development and management of the sector in Nigeria. The effect of this build up is very obvious in our general system of Company law and ISA. The new features particularly introduced by the re-enacted

Company and Allied Matters Act seems to have Allied to the very broad list of long standing concerns expressed by the Industry players and adequately respond to emerging realities of a developing digital economy It is very efficient to grasp from the past and avoid the hardships that build up which is Occasioned by Forcing and old and outdated law to govern a sector as important aside fast evolving as the Nigerian Corporate sector particularly Company law and regulations by making sure that laws governing Corporate practices are frequently reformed and updated to speed up the country's development while making sure that the sector meets up and adequately respond to emerging global trends and best practices.

In achieving a fit for the purpose of a better country legislative law makers have to be careful of and codify past events that have attained the status of notoriety in addressing specific

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[7] K. Aina 'company law and business association (2013) 1 (4) <https://nou.edu.ng>last accessed 10th February 2025

issues, while removing provisions that gave outlined their importance and no longer fits into this system, this just necessitates a review of all the notable events in the development of company law in Nigeria from the precolonial Times till date.

This paper makes a very crucial attempt at identifying signpost development in the course of History that has either directly or indirectly contributed to the progress of company law in Nigeria, including major legislations that has continued to play important roles as the economy continues to develop seriously. It was noted that the major law in this regard, the Companies and Allied Matters Act took so long to be reviewed as it was derived from history. The key element that makes it rich and responsive to economic realities is that beyond adding to the literature on this discourse, this work also lays the foundation for future discussions on the effectiveness of the current law in Justifying the call for the proper review of specific laws governing company law in Nigeria

2.1 CONCEPTUAL FRAMEWORK

The conceptual clarification addresses the issues, nature and principles associated with this research topic. It is an elaboration or definition of the major words of the topic of the work by way of definition. It is an analytical tool with several theories, which shows the relationship of different ideas and how they relate to the study.

2.1.1 DEFINITION OF TERMS

Meaning and definition of Company law

Company law means an association of two or more persons forces for some common objective[8]

Giving examples of different definitions of some experts, they define company law as;

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[8] J. Dine *company law* (4th edn palgrave houndmills 2001)3

According to J James company law is an artificial person created by law having a separate entity

According to Professor L.H. Henley, he defined company law as an artificial person created by law having a separate entity with a perpetual succession and common seal.

Most acts under company law defines company law as an incorporated body under the Act this definition is also similar with any other previous act.

A registered company however enjoys perpetual succession. The existence is not tied to the life or movement of its members. It cannot go extinct and does not have a physical form unlike natural persons who makes up its memberships. A company can however outlive its members and go on forever. All the members of a company can fie at the same time but the company would still be standing because it's a separate and distinct person.

2.1.2 Pre Colonial business practices in Nigeria

The questions that comes to mind would be who was the entrepreneurs of those times? Who were the business owners? Simply they were chiefs, potentials, war chiefs and other influential men and women who had enough wealth and power to mobilise other factors of production.

The contention here is land, labour, capital that existed within these periods (1500-1800(because without them production will not take place[9] The economy organized in different regions of Nigeria where produces in other to satisfy the needs of people. The economy was mainly Agriculture, fishing, black Smith, excavation of mineral resources, craftsmanship among others.[10] These skills played a major role in the Nigerian economy in

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9 P.K. Osemwingie 'Nigerian economy in precolonial times' (2020) 7(3) *An Argument of Globalisation as new and old phenomenon* 9-12

10 Ibid (n 3)

the precolonial times. In the precolonial times, capital was scarce and not as nearly critical a need. Some of the things rightly served as capital where farmers seeds kept for future planting especially as standard currency did not exist then.

Substitute currency like iron, rod, rolls of cloth, bottle of gin, and other forms of commodity currency presented a complex problem if conversion and divisibility

During this period, the only thing seemed to be in abundance was land. This gave a chance for the survival of Agriculture, afro Allied production, and other productions.

It is certain impossible to discuss the full methods of businesses in precolonial Nigeria, in the period between 1500-1800 AD, among the most conspicuous ones we're cloth weaving, pottery, jewellery and leather working textile productions.[11]

Agriculture was advocated to be the main stay of Nigeria economy prior to the colonial period. Activities like gathering, hunting, fishing and pastoralism provided room for the exchange of goods among people. It was a case of exchanging what it's worth, just like present day Nigeria where currency is exchanged for goods and services. In the precolonial era cloth can be exchanged for food, iron can be exchanged for labour, food can be exchanged for labour. The businesses in the precolonial era brought transparency and reduced the stress of the value of currency as we have it today. In the precolonial times, it was a one-way trade, everything exchanged was always had worth. The precolonial times is a reflection of today's economic activity in Nigeria but in lay man's terms an older version. It continued like that until colonialism where slaves where used to trade businesses and services.

The businesses in this times were based on trade by barter. It was often used in place of money and more often there was a little surplus of product because there were often used

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11 F.J. Oloidi 'Traditional economy in Nigeria before colonial administration '(2021) 18 (6)

based on the absence of currency. The businesses those times were guided by tradition. Tradition helped shape the goods and services the economy produces as well as the rule and manner of their own distribution this period economy was known as the subsidence economy. Businesses, features many waves of human travel just to trade.

Moving on Benin was one if the Nigerian National in its southern hemisphere that were adapt when it comes to trading in the precolonial period[12]. The Benin laid the established trading links with other nations not only Nigeria. They also extended their links to Europe. Benin was recognised to have drawn some of her wealth by collections from toll points for trade in products [13]

Benin used white shells as currency even before the Europeans arrived. Businesses in that period never came in contact with technology, hence the lack of provisions for a vast business environment. During the precolonial times each person understood what their job was in other to survive.

Businesses were a means of survival. The business activity was also into culture and beliefs of the people. It brought a very close relationship and promoted corporation. In the precolonial era, each person understood their resources according to how businesses were conducted. People's lives depended on the nature of reduces to meet the needs of life.

The problems associated with the period was that businesses and economy were prone to vulnerability due to continuous change in weather which affected the supply of foods and services. It also brought about the lower standard of wealth and living of the people as people traded with physical goods. For example, there is drought and it affects a farmer who grows

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12 P.k. Osemwingie 'Nigerian economy in precolonial times:' (2020) 7 (3) An *Argument of Globalisation as new and old phenomenon* 9-13

13 *Ibid* (n 6).

yam, and yam is the only source of livelihood, lack of good season can lead to poverty based on that season. This is a disadvantage on trade activities in Pre Colonial times.

Acts of businesses by way or more less informal partnership was not alien to precolonial Nigeria. People still take the assumption that because the economy was mostly agrarian the people were not engaged in any equivalent of company or partnership relationships [14]

2.1.3 Influence of The British Colonial Rule on The Nigerian Company Law

The history of the Nigerian Company law is deeply rooted in British colonial rule, essential in having a relationship with English company law principles, therefore adapting and adopting it through the channel of the reception of English law with the first significant legislation being the companies' ordinance of 1912, which gave an understanding reflection of the UK companies consolidation Act of 1908. This foundation led to the issues regarding its applicability to the modern Nigerian corporate world concerning flexibility, corporate governance and addressing emerging economic challenges.

The Nigerian Company law has evolved significantly from its colonial roots, reoccurring issues remains regarding its adaptability to contemporary business needs and the need for the further reform to ensure a smooth corporate governance and facilitate a conducive business environment.

Before the year 1876, the operations of Companies in Nigeria were not governed by any local legislation or regulations the available companies that were owned by foreigners carried their status with them. After giving up the colony of Lagos to the British crown in 1861, the supreme court ordinance was promulgated for the colony in 1876 and it provided that the common law, doctrines of equity and statutes I general application which were in force in

14 F.J. Oloidi 'Traditional economy in Nigeria before colonial administration '(2021)18 (6)

England shall apply to govern the colony[15] this was then accompanied by the supreme court proclamation of 1900 and 1902 for the southern and Northern protectorates of Nigeria respectively. Then in 1914, the supreme court ordinances enacted for the whole country following the amalgamation of the two protectorates with the same provisions being retained[16] the result of this provision being introduced into this Ordinance was that, anytime there was disagreement in relation to companies, the only power left with the adjudicators powers in the country being the supreme court, can only determine such matters in relationship with company law statutes in force in England as at that time.

However the first major legislation that was made to regulate the operations of company law in Nigeria was the Companies Ordinance of 1912[17] which was in force in the colony of Lagos. After the amalgamation of the southern and Northern protectorates in 1914, the Ordinance was amended and replaced with the companies Ordinance of 1917 that was to apply to the entire country. Moving on, in 1922, both the 1912 and 1917 ordinances were repealed and simultaneously replaced with the companies Ordinance of 1922 to which there was further amendment in 1929,1941 and 1954

Although Nigeria became independent in the year 1960band a Republic in 1963, yet the status of the companies did not change completely as the English common law principles, doctrine of equity suitable and statutes relating to companies in England, these principles still found their way into laws applicable to companies in Nigeria. In fact, one can safely say that the rate of which amendments are made to our laws after this times has reduced.

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15 Supreme Court Ordinance, 1876, s14

16 Supreme Court Ordinance 1914, s14

17 fashioned after the English Companies Act of 1908

In 1968 the companies Decree of 1968 was enacted[18] this new legislation, being the first legislation on companies regulations after independence, it provided for mandatory provisions of accounts, monitoring of the activities and excesses of directors and the need for foreign Companies to register in Nigeria before, commencement of businesses by introducing serious improvements into companies regulations in Nigeria. The 1968 Decree faced a lot of criticisms for being inadequate and just a little, more that the merging together of some of the sections of the repeated 1922 Ordinance and some sections of the English Companies Act of 1948 which on its own is already subjected to very crucial and critical examinations and actions for improvement, rather than taking the bold step of codifying both the statutory and case laws of companies. It soon became clear that the legislation was inadequate and unable to cope with the peculiar problems that were arising from the activities of companies and the people in the industry started calling for a reform.

In March 1987, the Attorney General of the federation and minister of justice directed the Nigerian Law Reform Commission; led by Sir Darnley A.R Alexander and having eminent authority on company law in Nigeria the Dr. O. Orojo as the project commissioner to participate in the review and the reform of the Nigerian company law with a view to make sure the law is more suitable for the needs and problems associated with the quick development of economic activities of the Country. The commission aft consideration of memorandum from different as recommends the promulgation of a new Companies Decree Act which will contribute positively to the corporate Affairs Commission and although the draft the SEC Decree was an advanced stage of promulgation it will also establish the Securities and exchange commission to administer the part of the Decree relating to certain activities in Securities The result of this review and reform was the Companies and Allied

18 fashioned after the English Companies Act of 1948

Matters Act Decree of 1990[19] which more than any previous legislation condemns Company regulations was quiet understandable and logically arranged by subject maters. These were in addition to existing company law principles already decided upon in the English court by virtue of the popular *Salomon's case* which explained the concept of separate and independent legal personality of incorporated companies when we see the case of ***Ashbury Railway carriage & iron Co. Ltd v Riche***[20] which explained the doctrine of *ultra vires.* The Act monitored the affairs of companies and business entities in Nigeria until it was repelled in 2020 and replaced by the Companies and Allied Matters Act 2020

Overtime the development in the English Company law has to a large extent have a similar relationship with the development of the Nigerian Company law. Even till date, more successful economic development has made sure that important guidelines have to be made independently especially with the help of the Nigerian Law Reform
Commission and the National Assembly to develop home grown regulatory Framework for Company law in Nigeria. Some of this landmark regulations will be referenced in the next chapter.

The elements of the Nigerian Corporate world forms part of what is referred to the English law, which has now metamorphosed into Nigerian legal system. Making references to the Foundational analysis diagram, illustrated in chapter one, there was no Nigerian made laws regulating operations of Companies before the year 1876. Companies operating then were all foreign Companies and they maintained their foreign status as conferred on them in their

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19 which later became the Companies and Allied Matters Act 1990 before it was finally repealed and replaced by the Companies and Allied Matters Act 2020

20 (1875) LR 7 HL 653

countries of origin[21] however the supreme court ordinance of 1876,[22] incorporated the principles of equity and English status of general application as at 24th July 1874 I to the legal system of the colony of Lagos. The English Company law thus became applicable in Nigeria. An orthodox view of separate legal personality under the English law represents our laws as it recognises the creation of subsidiary companies. The effect of the House of Lords unanimous ruling was to uphold firmly the doctrine of corporate personality as set out in **Companies Act 1862** so that creditors of an insolvent company could not sue the companies' shareholders for payments of outstanding debts. However, there was different comparisons concerning this principle. In ***William & Humbert v W & H Trademarks*** **[1986] AC 368 of 429B** **Lord Templeman** beliefs, ideas which goes against the established orthodox views, suggested the principles should be ignored. In ***E.B.M Co Limited v Dominion Bank*** **[1937] 3 All ER 555 at 564** **Lord Russell of killoween** stated that the principle Supreme importance.[23]

The first Company statutes enacted in Nigeria was the Companies Ordinance Act 1912, which was modelled after the English Companies (Consolidation) Act 1908.The Companies Ordinance, 1912, first applied to Lagos, which was later amended by the Companies (Amendment &extension) Ordinance, 1917 which Extended its application to the entire

21 S. C. Udemezue 'A compendium of the historical, legal and institutional framework for the practice of company law and corporate Governance in Nigeria' Nnamdi Azikiwe University Journal of Commercial and Property Law (2021) 8 (2) <journalsunizik:edu.ng/index-php/jcpl>last accessed 22nd December,2024.

22 Section 14

23 *Salomon v Salomon & Co. Ltd.* (1887) AC 22

Nigeria[24] in which the 1912 and 1917 Ordinances were layer consolidated and re-enacted as the Companies Ordinance Act of 1922[25] which was amended by the Companies (Amendment) Ordinance 1941 and the Companies (Amendment) Ordinance 1954: The Companies (Amendment) Ordinance 1941 designated the Companies Act in 1963, and was later repealed by the Companies Act 1968. The reform of the Nigerian Company Law was undertaken, resulting in the repeal of the Companies Act 1968 by the Companies and Allied Matters Act (CAMA)1990, CAP C20;LFN 2004.[26] The 1990 CAMA was then amended first in 1990 by the Companies and Allied Matters (Amendment) Decree No.32 1990; then in 1991, by the Companies and Allied Matters (Amendment Decree No.46, 1991; and later in 1992 by the Companies and Allied Matters (Amendment) Decree No.46,1992. The Investment and Securities Act (ISA) 1999[27] repealed sections 541 to 643 of CAMA and re-enacted the same sections as sections 1 to 148 of the ISA 1999. Giving examples, Provisions of the CAMA dealt with the Unit Trust, Insider Trading, mergers and Take overs, Public offer and sale of Securities, and related Matters which have been Omitted from the Act which have been Omitted from the Act, which is now contained in the ISA. The Investment and Securities Act (ISA), 1999 was repealed and replaced by the **Investment and Securities Act 2007** which was amended by **the Investment and Securities Act, 2011.** [28] **The Companies and Allied Matters Act (CAMA), 1990, CAP C20, LFN 2004** has now been repealed and replaced by

24 A. Abuah and others 'Historical background to the development of company law in Nigeria' in Y. sulayaman & A.B. Abdulhamid (eds), A *discourse* (sulayaman publications,2021) 8-18

25 CAP 37, Law of the Federation of Nigeria 1958, s39

26 This act shall hereinafter be referred to as the Companies and Allied Matters Act

27 No 46 1999; CAP 124, Law of Federation of Nigeria 2002, s541

28 The 2011 Amendment relates to sections 20,21,23 & 26 of the 2007 Act

the **Companies and Allied Matters Act (CAMA), 2020.**[29] Unlike the 19090 Act which has only four parts, the **CAMA 2020** is divided into seven parts namely;

- Sections 1 to 17 dealing with the Corporate Affairs Commission
- Section 18 to 745 dealing with the Incorporation of Companies and Incidental Matters.
- Sections 746 to 794 dealing with the Limited Liability Partnership
- Sections 795 to 810 dealing with the constitution of Limited partnerships.
- Sections 811 to 822 dealing with Business names.
- Sections 823 to 850 dealing with Incorporated Trustees.
- Sections 851 to 870 dealing with the Establishment of Administrative Proceedings Committee.

The Nigerian Corporate World being a product of History, consideration of ideas, in addition with the number of industry players, has over tine emerged by incorporating statutory provisions, Common law principles and doctrine of equity suitable for the development of the Country.[30] An existing demonstration and framework for the regulation of companies and Corporate practice In Nigeria, led by the **Companies and Allied Matters Act and the Investment and Securities Act 2007** are combinations of the lessons taken from the history of Company law.[31]

2.1.4 The Introduction of the Companies Ordinances of 1912

[29] Signed into law on August 07, 2020

[30] J.O Orojo, *Company law & practice in Nigeria* (5th edn. lexis and nexis butterworts, 2008) 15

[31] Others are the Companies Regulations 2021 Investment and Securities Act 2007

The year 1876 it marked the beginning of legal regulations of legal issues including the regulation of Companies activities in the territory known today as Nigeria[32]. Before this time there was no local laws handling the operation of company in Nigeria, and the company operating in Nigeria were foreign company's also carrying their foreign status with them. They enjoyed the rights and privileges of their rights as it was available here

In the year 1876 Lagos was ceded to the British crown and in the year 1876, the Supreme Court ordinance was promulgated for the Lagos colony.[33] The ordinance provided for the establishment of legal system and the introduction of some English laws into the system. The common law, the doctrine of equity, the statutes of general application which were in force in England 24th July 1874 shall be in force within the jurisdiction of the courts[34].

Then Supreme Court proclamation 2900 covered southern Nigeria, then the Supreme Court proclamation which covered the Northern Nigeria was introduced to create a supreme court for each protectorate each proclamation contained a provision applicable to the common law, doctrine of equity and statute of general application applicable to England in the year 1900.

The two protectorate was then amalgamated in the year 1914, in which a proclamation was then promulgated to cover the whole country.[35]

Therefore with reference to company law the English common law and doctrine of equity as applied to the company law in England were applicable in Nigeria and has since formed part of Nigeria company law subject to relevant local statutes.[36]

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32 C. Ironings esq 'company law' 2019 7 (9) <https://nou.edu.ng.> last accessed 11th February 2025

33 Ibid (11)

34 Section 14, supreme court ordinance 1876

35 Ibid (n13)

36 Ibid (n11)

Since 1900, four principal companies' statutes were brought into force. These were the Companies Ordinance Act 1912, Companies Ordinance 1922, Companies Act 1968, Companies and Allied Matters Act 1900, now revised and known as the Companies and Allied Matters Act 2004.

The Companies Ordinance 1912 was the first companies' statutes in Nigeria. This act first applied to the colony of Lagos, then in 1917, to the rest of the country. This act provided for the procedure in incorporating companies by registration in Nigeria. The objectives for this act was; to provide for the formation of limited companies within the colony and protectorate. It is hoped that it produces a more cooperative trading in the country.

This act provided for an identical procedure to be adopted in the incorporation of a company[37]

2.1.5 The Companies Act of 1968 and Its Impact

The companies decree NO 51 of 1968 were promulgated during the military regime. It was redesigned in 1980 as the Companies Act. Before the promulgation if the Act there had been an urgent need for a modern companies legislation because the Companies Act 1922 had become inadequate to cope with the growth of the economic activities as a developing country[38]

The 1968 Act made provisions for a compulsory local incorporation of foreign Companies and publications of the affairs of the company in the interest of the shareholders and the general public. It also provided for the filling of accounts, auditing meetings, annual returns and directions of a company. It should be taken that the Companies Act 1968 was not all

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37 C.C. Wigwe *introduction to company law and practice* (mountcrest university press, 2016)4

38 K. Aina 'company law and business association (2013) 1 (4) < https://nou.edu.nglast>accessed 10th February 2025

comfortable in accepting to accommodate the new business development. The administration and registration of Companies in Nigeria was not well taken care of the Act. Against the backdrop of the emerging trend at the time, the overhauling of the 1968 Act became expedient.[39]

2.2 THEORETICAL AND HISTORICAL FOUNDATION

The present study intended to understand the meaning, forms and challenges in legal and historical research is to suggest a general framework for the researchers doing research This goes beyond concepts or meaning it includes historical foundation as well as the principles and ideas upon which this research focuses on including other Preliminaries relevant.

2.2.1 EVOLUTION OF COMPANY LAW GLOBALLY

As a British colony. Nigeria inherited the English common law system including the common law principles which were applied through the Supreme Court ordinance of 1876 and later extended to the entire colony in 1914.[40] As earlier explained, the Nigerian company law it operates today is a body of persons having in law separate and distinct existence. It is a critical answer analytical evolution and development of company and business activities.

By the time the bubble Act was released in the year 1825, companies has already spread so much that mot less than three types of companies were already identifiable which are the companies incorporated by the royal charter the companies incorporated by an act of parliament[41] and the deed of settlement companies which soon became very clear that if rules and regulations were not put in place or proper prospective unincorporated association

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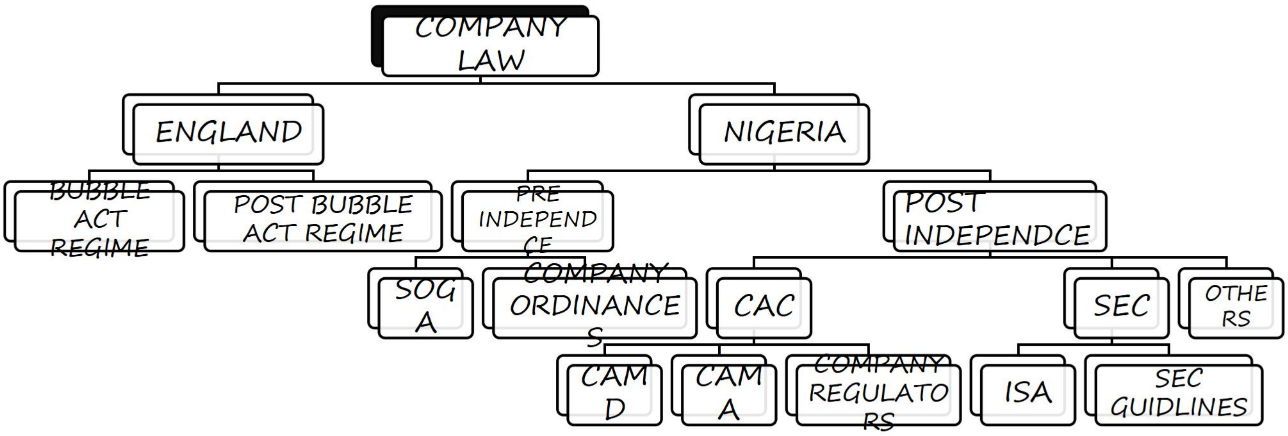
39 C. C. Wigwe *introduction to company law and practice* (mountcrest university press 2016)4

40 N. Majeed 'Historical and legal research forms': forms challenges and methodology' (2013) 7 (9) *Pakistan journal of social research*

41 These were the only companies legally allowed during the subsidence of the bubble act

with its confused legal status will become a playground for companies. Several attempts were made which were specifically put in the point of a legal regime or status of the company one of these attempts was the enactment and operation of the trading companies Act 1834 which empowered the crown to confer patent letters to companies without granting a charter.

The illustration below demonstrates the analytical view, in which certain flash points has actually come to make up, the entire structure of a company as we have it in present day.



[42]

History has contributed in the building up of the current status and current status of Company law and the Nigerian Corporate World as a whole. It shows the formation of business regulating Nigeria in the sense that the laws provide for a number of principles and obligations. Most of which are modifications. And/or codifications of various principles

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42 A. Abuah and others 'Historical background to the development of company law in Nigeria' in Y. sulayaman & A.B. Abdulhamid (eds), *A discourse* (sulayaman publications,2021) 8-18

evolving and continues to evolve in history. In the today's Nigerian Corporate World, there are three ways businesses or companies operate either as a statutory body, in which case creation will be by a statute of the National assembly as the case may be[43] by way of registration or incorporation of the business or by exemption.[44] A careful consideration of the forms of operation of companies in Nigeria will depict a semblance and **mutais mutandi** adoption of what was gained in the United kingdom during the Bubble Act regime when three major types of company that sprung up on the effect of the Act were either those Incorporated by an Act, by Royal charter or by trust deed [45] One of the golden Principles of Company law in Nigeria is that a Company is stopped from carrying on business objects not captures in the memorandum of association during incorporation[46] this is called the ultra vires rule established in the case of *Ashbury Railway carriage & iron Co. Ltd v Riche*[47] The doctrine of corporate personality is one entrenched in our company law today[48]. This is to the effect that an incorporated company is a jurisdiction person with life of its own and the company is a separate entity distinct from its members this is direct reception of the rule in Salomon's case. There is also the principle of corporate sovereignty recognised by the Nigerian company law which indicates that any internal dispute of a company can sue to remedy or ratify any irregularities made in the course of governing the affairs of a company or wrong suffered by a company's it is safe to say that this rule is also known as the rule I

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43 Nigerian National Petroleum Corporation was established by the Nigerian National Petroleum Corporation Act 1977.

44 Applicable to foreign countries pursuant to Companies and Allied Matters Act s80

45 Compare with statutory corporations exempted companies and registered companies in Nigeria respectively

46 Companies and Allied matters act 2020. s5444 see also *Edokpolor v Edokpolor Ltd. [1989]4 NWLR (pt 116) 473*

47 See also, Lee v Lee (1960) UKPC33

48 Companies and Allied Matters Act ss 42,43,756&830

Foss v Harbottle the cushioning scope of the doctrine is however is the minority protection created by our law.

By the very nature of corporation, it’s property is vested in the corporation itself and not the stockholders. The shareholders as such, do not have the power to represent the corporation or act for it in relation to its ordinary business nor ordinarily are they personally liable for the acts and obligations of the corporation. The corporate entity is distinct even if all or a single individual or corporation. The corporate entity is distinct even if all or a single individual or corporation owns most of the shares or if the corporation is a close or family corporation. Thus the ownership of all shares or a corporation by one individual does not remove the separate identity between the corporation and the individual this can be more instructive in the case of ***Tsokwa Oil & Marketing Co. Nig Ltd v U.T.C (Nig) PLC.*** **[2002] 2NWLR (pt,782) p 435**

In this case it was held that upon incorporation, a company acquires a separate legal personality different from that of its owners and shareholders, that is a person is at law a different person altogether from the subscribers to the memorandum of association, and though it may be that after incorporation, the business is precisely the same and the same persons are managers and the same hands receive the profit, the company is not in law the agent of the subscribers or trustees for them, nor are the subscribers as members liable in any shape and form except to the extent and in the manner provided

The popular English cade of ***Salomon v Salomon &Co. Ltd;*** is instructive here. In this case Mr Salomon had traded as a leather merchant for many years under unregistered company. He later decided to continue the business under a limited liability company. He formed **Salomon & Co. Ltd.** He sold the business to the newly formed company for E39000. On this sum, he receives E9000 in cash, E10000 in debentures of the company and E20000 for shares at E1 per share. The subscribers to the memorandum of association were, Mr Salomon, Mrs Salomon, his five children, each subscriber taken one share. The total share issued was 2007. Mr Salomon held 20001 as the managing director. After incorporation, the company ran into difficulties and was forced into liquidation. The company had enough assets to satisfy debenture holder fully but the unsecured creditors with debt of some E7000 would receive nothing. The issue for determination was whether the debenture originally taken by Mr Salomon should be set aside in favour of those other creditors on the ground that Salomon and the company were one and the same person, or alternatively that the company was only an agent been used by Salomon. **The House of Lords** rejected these contentions and reversed both the judgement of the trial court and the court of Appeal. In the views of **Lord Halsbury L.C** and **Lord MacNaughten; a** registered company is incorporated and as such a legal person and must be treated as an independent person with its rights and liabilities appropriate to itself and that motive of those who took part in its promotion is irrelevant; it is hard to understand how a body corporate by reason of statute can lose its individuality by issuing the bulk of its capital to one person whether he is a subscriber to the memorandum or not. The company is at law different person from the subscribers to the memorandum irrespective of whether the same members that was before incorporation is after. The company is not a law an agent of the subscribers or trustees for them.

Another English decision by the **House of Lords** in the case of ***Bolton Company LTD v Graham & Sons LTD*** is also relevant to the issue at hand, where **Lord Denning (MR)** opined that "A company may in many more ways be likened to a human body. It has a brain; mind and a nerve centre, which controls what, it does. It has a brain; mind and a nerve centre, which controls what, it does. It also has hands that holds the tools and act in accordance with directions from the centre. Some of the people in the company are mere servants and agents who are nothing more than hand to do the job and cannot be said to represent of the work he does"

Principle illustrated by these above English cases were applies in Nigeria in the case of ***Kadzi international LTD v Kano Tannery Co Ltd*** [49] the court of Appeal, Kaduna division, unanimously dismissing the appeal held that a corporation is a mere abstraction whose action may be directed by somebody who Is really the directing mind and will of the corporation. In the instant case, the second respondent, which is an abstraction. In the circumstances, the 2nd respondent, which is an abstraction. In the circumstances, the 2nd respondent is not a contracting party to the loan agreement and could not be sued on the agreement.

Also in the case of ***Anthony Ehidimhen v Amadu Muss***[50] the supreme court of Nigeria unanimously dismissing the appeal on whether an incorporated company can be sued as a division of a different company;

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49 *Kadzi International Ltd v Kano Tannery Co Ltd* [2002] 4NWLR (pt., 545,551)

50 *Anthony Ehidimhen v Amadu Muss* [2000] 8NWLR (pt., 540) p 541-542

CHAPTER THREE

LEGAL AND INSTITUTIONAL FRAMEWORK FOR THE DEVELOPMENT OF THE ORIGIN OF THE NIGERIAN COMPANY LAW

3.0 INTRODUCTION

The framework of the development of company law in Nigeria stems from English common laws. These laws mark the beginning of codified company law in Nigeria. This provisions are heavily regulated the Nigerian corporate world overtime. It can be said that the Nigerian legal system is the English system with some local modifications.

After the repeal of the bubble act, there was a slump in economic activities and as the trading companies act 1834 was enacted and followed by the joint stock companies acts of 1844 and 1845 with immune able innovations of which is the simple registration of companies. The road was cleared for more public participation and interest. The joint stock companies act of 1856 laid the current position of the law. Virtually all the current principles and procedures were established firmly and we can assertively say the 1856 act was the beginning of the modern company law as we have it today.[51]

A transparent legal framework is one with clear and readily accessible rules and effective procedures for application. Countries tend to choose a favourable framework that will be a benefit to the countries sector. From the studies above we would notice that company law was alien to Nigeria. It was not originally part of the indigenous legal system. Company law can be considered as a part of the received English law.

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51 S. C. Udemezue 'a compendium of the historical, legal and institutional framework for the practice of company law and corporate governance in Nigeria 'Nnamdi Azikiwe university journal of commercial and property law (2021) 8(2) <journalsunizik:edu.ng/index-php/jcpl>last accessed 10th February 2025

3.1 THE COMPANIES AND ALLIED MATTERS ACT 1990 AND ITS KEY AMENDMENT AND EVOLUTION OVER THE YEARS

The Companies and Allied matters act (CAMA) was made in January 1990 as the Companies and Allied matters act Decree of that year with the reflection of an open market approach as one of its various innovations the Act became operative on 31st December 1990. The Act was constituted into four major parts. The four parts are as follows;

- PART A deals with traditional /conventional companies[52]
- PART B deals with business names [53]
- PART C deals with Incorporated Trustees [54]
- PART D deals with short title and citation of the act[55]

Over the years this parts where further broken down in chapters in the course of revision of the federal status for the laws of the federation 2004, what used to be part XVII of part A was transferred to and repealed by the Investment and Securities Act CAP 124, LFN 2004 now repealed by section 314(1) of the Investment and Securities Act 2007. Therefore, the Companies and Allied Matters Act has only 612 sections.

In consequence there was no longer a single defined section but the later was found in parts of the Companies and Allied Matters Act and where they were related to [56]. In a bid to transform the business environment and re energizer the private sector, as an engine for growth of the economy August 7th 2020 President Muhammadu buhari accented to the

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52 Section 568 of the Companies and Allied Matters Act

53 Section 569 -612 of the Companies and Allied Matters Act

54 Section 590-612 of the Companies and Allied Matters Act

55 Section 613 of the Companies and Allied Matters Act

56 C.E. Halliday and G.C Okora 'The efficiency of one-person company under the Companies and Allied matters act 2020' (2021) 17 (1) *lessons from Singapore and India*

Companies and Allied Matters Act 2020 which repealed and replaced the Companies and Allied Matters act 1990

3.1.1 THE COMPANIES AND ALLIED MATTERS ACT (CAMA) 2020 INNOVATIONS AND REFORMS

Major innovations of the Companies and Allied Matters Act 2020[57]

a) Single member company[58] -any one personnel being a minor may establish a private company.

b) Total liability of a members of a company limited by guarantee to contribute to the assets of the company in the event of wounding up shall not be less 100,000 naira as opposed to 10,000 as provided in the old CAMA[59]

c) Minimum issued capital: in the new CAMA authorized share capital with minimum issued share capital, this provision implies that promoters of a business are not required to pay for or allocate shares that are not needed at specific time of incorporation and can retain them for future allocation; provided that shares worth the value of at least 100,000 naira in respect of a private company and 200,000 in respect of public company are allocated at the time of incorporation. This consists with what is obtained in some jurisdiction like England, US, and India.

d) Reservation of name; The CAC may withdraw or cancel approval already Granted for the reservation of a name where it is discovered that the approval was fraudulently,

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57 'key innovations of the companies and allied matters act 2020 and their commercial implications' (primero Africa legal) <https://primeraal.com/news/key-innovations-of-the-companies-and-allied-matters-act-2020/>last accessed February 13th 2025

58 Section 18(2) Companies and Allied Matters Act 2020

59 Section 26(2) Companies and Allied Matters Act 2020

unlawfully or improperly procured or that such make is identical with that by which a company in existence is already registered, or so nearly resembles it as to likely deceive.

e) Statement of compliance; section 40(1) replaces the previous requirement for a declaration of compliance attested to by a lawyer or before a notary public with a statement of compliance signed by an applicant or agent who need not by a lawyer or notary public. This means that participation of lawyers in the process of incorporation of a company is no longer *sin qua non*

f) Powers of the commission: section 41(7) empowers the corporate affairs commission to withdraw cancel and revoke a certificate of incorporation already issued under the Act where it is discovered that the certificate was fraudulently and unlawfully procured

g) Common seal: section 98 abolished the mandatory possession and use of company common seal making such possession and use simply optional

h) Section 99(1) makes provision for companies who transact business in foreign countries to have an official seal that indicates on its face, the name, territory, district, or place where it is to be used as long as it is authorized by its article

I) Electronic signature: in respect of authentication and service of document an electronic signature is deemed to satisfy the requirements for signing

j) Disclosure of substantial shareholding: The new Companies and Allied matters act emphasizes corporate accountability and transparency by mandating any person with significant control over a company to within seven days of assumption office to indicate to the company in writing the particulars of such control. Disclosure of capacity as substantial shareholders is no longer restricted to public companies.

k) Electronic transfer: transfer of company Shares may now be effected through Electronic means[60]

l) The prohibition placed on private companies with regard to giving certain financial assistance regarding acquisition of shares [61]

m) Share buyback: section 184(1) allows a limited liability company to purchase its own shares including redeemable shares

n) Significant reduction of filing fees for registration of charges[62]

o) Small companies or any companies including a single shareholder are not mandated to hold an annual general meeting[63]

p) Companies may have one director[64] public companies must have at least three independent directors on the board[65]

q) Authorization of virtual meetings for private companies so long it is conducted in accordance with the article of association or company[66]

r) With the exception of Small companies and companies having a single shareholder all statutory and annual general meetings shall be held in Nigeria[67]

s) Chairman of a public company is barred from simultaneously acting as the chief executive officer of the same company[68]

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60 Section 176(1) Companies and Allied Matters Act 2020

61 Section 183(4) Companies and Allied Matters Act 2020

62 Section 222(12) Companies and Allied Matters Act 2020

63 s237(1) Companies and Allied Matters Act 2020

64 Section 271 (1) (2) (3) Companies and Allied Matters Act 2020

65 Section 275 Companies and Allied Matters Act

66 Section240 (2) Companies and Allied Matters Act 2020

67 Section 240(1) Companies and Allied Matters Act 2020

68 Section 265(6) Companies and Allied Matters Act 2020

t) One single person cannot be a director in more than five different public limited liability company at the same time[69]

u) Small companies need not have a company secretary [70]

v) Auditor of a public company must be displayed on the company's website

w) Special definition of a small company

x) Small companies or companies having one shareholder are not mandated to appoint auditors

y) Permission of registration limited liability and limited partnership with an independent corporate legal personality

REFORMS OF THE ACT

The Companies and Allied Matters Act regulates the general conduct of businesses of all kinds[71]. It includes the Incorporation of Companies, registration of business names, partnerships and Incorporation of trustees of certain communities, bodies and associations[72]. The repealed Companies and Allied Matters Act was saved by the section 15 of the Constitution of the Federal Republic of Nigeria 1999 as amended. Its remained in force for 30 years whilst observing frequently calling for its review. The repealed Company and Allied Matters Act had 613 sections divided into three parts. Having been in existence for so long it started failing to meet the peculiarity of emerging developments like digitalization, inundated fees, among other emerging issues[73].

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69 Section 307(1) Companies and Allied Matters Act 2020

70 Section 330(1) Companies and Allied Matters Act

71 A. Abuah and others 'Historical background to the development of company law in Nigeria' in Y. sulayaman & A.B. Abdulhamid (eds), *A discourse* (sulayaman publications,2021) 8-18

72 See the preamble to Companies and Allied Matters Act

73 *Ibid* (n18)

Meanwhile Corporate Affairs Commission has risen to the occasion with company regulations to cover this lapses. The Companies and Allied Matters Act 1990 can be said to have covered the field with respect to company law practices and principles because it provides for the affairs of companies.[74]

Part A- sections 1 to 568-companies

Part B- sections 569 to 589- Business names and

Part C- sections 590 to 612- incorporated trustees

The CAMA is the brain of careful consideration and wide researches on the elements of how a company can be incorporated. It represents the view of numerous company law practitioners in the country. Some innovations of the act can be deduced this innovations include[75]

A. The Act is all encompassing in the case that it incorporated some important principles of common law and the doctrines of equity. It incorporated many of the common and general provisions in table A of the Companies Act 1968

B. The Act established the corporate Affairs Commission (CAC) to regulate and administer it.

C. The act set a benchmark for the formation of a company by requiring the minimum authorized share capital and minimum subscription.

D. Non-voting shares and weighted shares are prohibited.

E. The subject matter of the act is arranged and put in proper perspective

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74 C.C. Wigwe *introduction to company law and practice* (mountcrest university press, 2016)4

75 Ibid (n21)

F. It abolished the common law rule of constructive notice[76] and enunciated the common law rule in the case of *royal British bank v torqued* .

G. It made significant improvements on the provisions relating to company meetings[77].

I. It codified the rule in *Foss v Harbottle* and provided exception to the rule which protects the interests of the minority

J. It improved provisions in respect of receivership

K. Improved provisions for the appointment, qualification, duties, and removal of directors

L. It deals with unfairly prejudicial conduct

M. It abolished the common law rules on pre incorporation control and provided for the ratification and adoption of such contracts

N. It provides for the appointment, qualification, duties, tenure and removal of secretaries of companies

O. Improved provisions for financial statement of companies

The administration of the companies and allied matters act is solely vested in the corporate affairs commission (CAC).IN accordance to the relevant provisions of the act, company proceedings are commenced.[78] It can be said that individuals who plan to form companies must do so in accordance with the act, to prevent consequences from the corporate affairs commission.

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76 s68 of the Companies and Allied Matters Act 2004

77 ss211-215 Companies and Allied Matters Act 2004

78 C.C. Wigwe *Development of Company and Practice in Nigeria* (Read wide publishers 2015)12

The federal high court has exclusive jurisdiction to hear and determine issues arising from the operation of the companies and allied matters act.[79] In light of this the court held in the case of *Garba v Sheba int. (Nig) ltd.*[80] *'Any dispute between parties over the operation of companies and allied matters act 1990 regulating the operation of companies comes exclusively under the jurisdiction Of the federal high court'*

Since the existence of the companies and allied matters act certain sections has been altered to meet the modern demand of the Nigerian corporate world. Sections 2 (e), 26 and 358 of the act were amended by the companies and allied (amendment) decree, 1990 Which took from effect from 31st December 1990 instead of 2nd January 1990 was earlier provided. It validated all the acts since 2nd January 1990. Further amendments in the acts was made in the Companies and allied matters (Amendment) Decree 1991 in respect of section 2, 137, and 359 (2). In 1999 the Act was then amended by the Investment and Securities Act 1999 which repealed part xvii (sections 541 to 623 of the Act and re-enacted the sections as sections 1 to 148 of the Investment and Securities Act 1999. It is important to mention here that the Investment and Security Act was replaced by the Investment and Securities Act 2007 as regards the Companies and Allied Matters Act 2004.[81]

3.1.2 CORPORATE AFFAIRS COMMISSION (CAC) REGULATIONS

THE CORPORATE AFFAIRS COMMISSION REGULATIONS

Before the year 1990 the administration and regulation of company in Nigeria was vested in companies registry in the corporate affairs division of the ministry of trade[82] and the ministry of justice were both in charge of its organization and staffing

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79 s251(1) of the constitution of the federal republic of Nigeria 1999(as amended)

80 *Garba v Sheba int. (Nig) ltd* [2002]1 NWLR (pt. 748)378

81 C.C. Wigwe *Development of Company and Practice in Nigeria* (Read wide publishers 2015)16

82 *Ibid* (n 85)

Over the years the criticisms of the Companies registry in the discharge of its functions became obvious. The result of this led to the consultation with officers of the registry and users and the other stake holders which later opined that the Corporate Affairs Commission be set up.

The Companies and Allied Matters Act 1990 established the corporate affairs commission as an Administrative and regulatory body that is charged with the registration and regulations of the operations of businesses and non-business organizations in Nigeria. It is established with the perpetual succession, and common seal capable of suing and been sued in its corporate name[83] The headquarters is situated in Abuja the federal capital territory of Nigeria, in which the branches are being proposed to be established in each state of the federation [84]

Functions of the Commission

a) Supervision, Administration, formation, incorporation and winding up of companies

b) Establishment and maintenance of company's registry and offices in all states of the federation

c) Conduct of investigation into affairs of any company where the interest of the shareholders and public so demand

d) Administration of the business name and incorporated trustee as so provided for in parts B and C of the Act

Membership of the Commission [85]

a) A chairman who shall be appointed by the president of Nigeria on the recommendations of the minister being a person who by reason of his ability experience or specialized knowledge of corporate industrial commercial, financial, or

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83 C.C. Wigwe *introduction to company law and practice* (mountcrest university press, 2016)4

84 s 1 (3) Companies and Allied Matters Act 2020

85 s 2 Companies and Allied Matters Act 2004

economic matters or of business or professional attainments would in his opinion to the work of the commission

b) One represented of the business community appointed by the minister on the recommendation of the Nigeria association chambers of commerce, industries, mines and agriculture.

c) One representative of the legal profession appointed by the minister on recommendation of the Nigerian bar association

d) One representative of the accountancy profession appointed by the minister on recommendation of the institute of chartered account of Nigeria

e) One representative of the manufacturers association of Nigeria appointed by the minister on recommendation of the association

f) One representative of the securities and exchange commission not below the grade of the director or its equivalent

g) One representative of each of the following federal ministries that is

- Commerce
- Justice
- Industry

h) The registrar general of the commission

A person appointed as a member of the commission (not being an ex officio member) shall be in office for three years and shall be eligible for the reappointment for a further tenure of two years. However, this does not apply to the registrar general and the ex officio member.

3.1.3 INVESTMENT AND SECURITIES ACT [86]

[86] This act was repealed and replaced the investment and securities act 1999, CAP 124, Law of the Federation of Nigeria 2004 which was later amended by the investment and securities act 2011

The investment and securities act explains its relevance to the corporate law practice in Nigeria the act that was to repeal the investment and securities act 1999 and to re-establish the securities and exchange commission as the apex and regulatory authority for the Nigerian capital market in order to ensure the protection of investors maintaining a fair and efficient and transparent market and reduction of systemic risks and for relevant matters. [87]

3.1.4 THE SECURITIES AND EXCHANGE COMMISSION RULES AND REGULATIONS

The Securities and exchange commission is the apex regulatory body in the Nigerian capital market. It was established under section 7 of the investment and securities act as a body corporate with perpetual succession and a common seal capable of suing or being sued in its corporate name and also capable of acquiring and holding or disposing of property and with contractual capacity[88]. Its head office is in Abuja but it may establish zonal offices in any part of Nigeria in accordance with the decision of its board. The securities and exchange commission shall be a board whose composition[89] and duties[90] shall be set out in the Act. The commission shall have a secretary and also may establish specialised department for the purpose of regulating and developing the Nigerian capital market. The functions of the Securities and Exchange Commission are set out in section 13 of the Act itself.

3.1.5 THE NIGERIAN ENTERPRISE PROMOTION ACT

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87 Abuah and others 'Historical background to the development of company law in Nigeria' in Y. sulayaman & A.B. Abdulhamid (eds), A *discourse* (sulayaman publications,2021) 8-18

88 S. C. Udemezue 'a compendium of the historical, legal and institutional framework for the practice of company law and corporate governance in Nigeria 'Nnamdi Azikiwe university journal of commercial and property law (2021) (8)(2) <journalsunizik:edu.ng/index-php/jcpl>last accessed 10th February 2025

89 s3 of the Investment and Securities Act

90 s4 of the Investment and Securities Act

This act empowers the minister for industries to supervise the activities of businesses enterprise in Nigeria.

For the purpose of section 1 of this Act an enterprise shall be deemed to be alien enterprise if the entire capital or proprietary interest whether financial or otherwise is so far as it concerns any of the enterprise in the schedule of this Act is owned by aliens

CHAPTER FOUR

COMPANY LAW IN NIGERIA: CRITICAL APPRAISAL

4.0 INTRODUCTION

Company law started with collective practices. The corporate world in Nigeria has an evidential development of its roots which is the English Company law. The Nigerian law reform commission has contributed its rules which aided the development of the Nigerian company law. More importantly the Nigerian Regulatory Framework has aided in the line. Company law has responded interestingly well to the trend for its own development for the corporate sector which has company law as its key component [91]

Company law has overtime had a feature of build-up and systematic codification of evolving principles. It is required now that for Company law to function properly it's practices must be found worthy for the proper regulation and management of the sector in Nigeria [92]

The effect of this build up is evident in our general system if company law and regulations spear headed by the Companies and Allied Matters Act section 43(2) and the Investment and Securities Act. The new characteristics introduced by the re-enacted Company and Allied Matters Act seems to attend to a long list of long standing concerns expressed by the industry players and adequately respond to emerging realities of a developing digital economy [93]

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91 A. Abuah and others 'Historical background to the development of company law in Nigeria' in Y. sulayaman & A.B. Abdulhamid (eds), *A discourse* (sulayaman publications,2021) 8-18

92 K. Aina 'company law and business association '(2013) 1 (4) <https://nou.edu.ng>last accessed February 11th 2025

93 O. Ajayi corporate law project(2010)< https://www.buisness.org/special rep portal/corporate law tools >last accessed 20th February 2025

It is important that company law and regulations should frequently be reformed, this has led to a smooth sailing operation in the Nigerian corporate law. It is very important to avoid the hardship occasioned by forcing an old and outdated law to govern a sector.

As important and fast evolving as the Nigerian sector [94] this is to speed up the country's development while ensuring the sector tirelessly matches up with and responds to emerging global trends and vest practices in achieving a fit for the purpose of legislation. Major legislation has contributed to the development of the Nigerian company law.

4.1. STRENGTH OF THE LEGAL FRAMEWORKS

Before the advent of the Portuguese and British traders the place known today as Nigeria had its own indigenous way of trading. From the company Ordinance of 1912, company law developed to the current Companies and Allied Matters Act Operating in Nigeria today. Corporate law practice in Nigeria, having come of age, we believe that the Companies and Allied Matters Act 2020 is the most comprehensive and innovative piece of legislation in Company law and corporate governance[95].

Since the introduction of the branch of law in Nigeria, as earlier demonstrated in previous chapters this laws brings on board several unprecedented and inspiring provisions aimed at putting corporate law practice and governance in Nigeria line with a deep relationship with prevailing practices[96] as well as to promote and attract investment and therefore enhance the ease of doing business in the country. However, this laws have resulted in the force of a transparent system in the Nigerian corporate world

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94 O. Ajayi corporate law project (2010) <https://www.buisness.org/special rep portal/corporate law tools>last accessed 20th February 2025

99 T.G Obagboye and S.T James 'the impact of the Companies and Allied Matters Act on corporate governance '(2024 3(7)) *African journal of law, political research and administration* 1-10

96 Ibid (n 99)

Although these laws especially the company and Allied matters act is the principal legislation laws to regulate company law and corporate law practice in Nigeria. The basic fact is several legislation laws and subsidiary laws apply to several aspect of the subject[97] depending on the circumstances and considering that the development of the company and corporate law is both wide and complex.

Being the nerve of commerce and the vehicular platform of national development it becomes imperative to understudy the laws and how they have imposed on the system in course of time[98]

The provisions of laws have introduced certain ways that will aid the case of doing business in Nigeria because this provisions affect the Establishment and running of all type of businesses in the country. The provisions of these laws would boost investors' confidence and encourage foreign participation in the business sector.

The development of the Companies and Allied Matters Act has aided the corporate law practice system to step in the right direction. This is because it replaced a thirty year old Act which has become obsolete [99] The Companies and Allied Matters Act took on current Corporate realities and advancement and has made provisions for the improvement. This provisions have introduced certain ways a company should function thereby making it seamless for a company to run effectively. This provisions are expected to step in the right direction towards reforming and improving Nigeria business environment[100]. It is also

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97 *Ibid* (n.98)

98 O. Ajayi corporate law project (2010) <https://www.buisness.org/special rep portal/corporate law tools>last accessed 20th February 2025

99 T.G. Obgaboye and S.T. James 'impact of Companies and Allied Matters Act on Corporate governance' (2024 3(7)) *African journal of law, political research and administration* 1-10

100 *Ibid* (n 103)

projected to impact positively on corporate governance practices and procedures. Here are some relevant contributions the Companies and Allied Matters Act. Has contributed in ensuring a smooth corporate practice.

(A) Section 265 (6) of the Companies and Allied Matters Act provides that the chairman of a public company is not permitted to act as the Chief Executive officer or managing director of the same company

(B) Section 307 (2) Companies and Allied Matters Act provides that a person cannot be a director of more than five public companies at the same time

(C) Section 271 (1) provides that it is possible to have a single shareholder/single director in Companies

(D) Section 119 of the Companies and Allied Matters Act provides that disclosures by persons with a substantial interest in shares of private companies.

The Act has ensured transparency and accountability and created a new category of legal identity for Nigerian businesses, it has also empowered one person to be able to open and run a company, it has also removed all the unnecessary regulatory provisions for small companies[101].

It also promotes the use of technology in the registration of businesses with a view to making Nigerian corporate environment comfortable and enviable

The Nigerian company law provisions has undergone different phases in its efforts to develop and redefine the corporate landscape so as to insulate good corporate governance in Nigeria

101 T.G Obagboye and S.T James 'impact of the Companies and Allied Matters Act in corporate governance'' (2024) 3(7)) *African journal of law, political research and administration* 1-10

Here are some benefits of those provisions

1. It can be said that the Companies and Allied Matters Act has invested good laws resulting in good corporate governance practices providing substantially better market results. It helped the Companies weather the storm of bad corporate practice that could lead to an economic downturn

2. Implementation and practice of the provisions of law in good governance has enhanced the value of proposition of organisations because companies which take governance and due process seriously tend to be less likely to run into trouble

3. The Implementation of the provisions of law has led to strengthening the Nigerian Corporate sector, governance mechanisms which can balance good corporate governance in the long term.

4. It is evident that the provisions of law have brought about the cost of good governance because it has purposely become the compulsory rule for incorporating companies.

Thus, a law is a set of rules, theories, regulations, principles and guidelines and concept which must be followed and obeyed. A company law is a type of law that gives specifications, legislations and directions on how a firm, industry or an administration is to be run, handled, administered, governed, controlled and financed. The inception if company law in Nigeria can be traced to pre 1912 and after 1912, the era of colonialism in Nigeria

The Nigerian Company which we talk about today is culled and **gotten** from the English legal system which was imposed and implemented on Nigeria by the British during her colonial years before the year 1912 only foreign firms and companies existed and operated in the country and since Nigeria has no indigenous company and since Nigeria had no existing

Company in existence. [102] Five years after the company Ordinance of 1912 was changed and modified to a new one which was called companies amendments and extension Act of 1917over the year's other laws where brought up.

4.2 CHALLENGES AND GAPS IN THE EXISTING LAWS

The legal framework produces and reflect a reform of business formation and incorporation. The effectiveness of the legal framework is to achieve its aim of creating a conducive and comfortable environment for Entrepreneurship and small business.

Relating to cost effective business registration incorporation processes includes accessibility to an artificial information and corporate disclosure. The use of digital technologies can help small businesses to grow and increase in productivity access to affordable and reliable Internet services are thereby critical and expensive, for instance digital public services and transparency of information for business formation and incorporation involves the availability of online services for business incorporation[103].

Therefore, it matters that the degree of transparency and accessibility of online information at the business registry. It increases transparency and reduces information asymmetry

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[102] C. Wigwe *development of company law and practice in Nigeria* (revised Ed 2017)

[103] B. S. Shoroye 'Companies Act 2020 and challenges of Company law reform in Nigeria' (2023) 6(6)

Also available regulatory Framework affects the operations of credit markets and the likelihood of small businesses may be restrictive when only immovable assets such as land can be used as collateral [104]

Nigeria has a legal framework for secured transactions system which provides for the creation of security interest in movable assets. The rights of these parties to registered security agreements, Mechanisms for a perfect security interest in movable assets, the quality of this regulatory bodies would then depend on certain provisions relating to the possibility of small businesses to afford movable assets as collateral without giving up possession of their assets.

The existing framework on international trade makes the reform of the Nigerian company law challenges

Meanwhile the existing factors of international trade plays a big role in the economic growth of the private sector. Therefore, an enabling environment for the private sector must be conducive and comfortable formal businesses to actively compete globally. For example, in the era of global economy and digital acceleration caused by the Covid 19 pandemic the competitiveness of small business depends on whether the regulatory Framework can adapt.

However, we have identified some challenges that may frustrate these existing legal frameworks from achieving a laudable objective. The system has to make an effort to promote a conducive environment for business activities.

4.3 THE INFLUENCE OF INTERNATIONAL STANDARDS ON THE NIGERIAN COMPANY LAW

[104] Ibid (n 107)

The International standards particularly the international financial reporting standard is one regulatory body that insist on Nigerian Companies following a more standardised step by adopting it as a primary accounting standard

The realisation for the need of a common standard in financial reporting contrasts with the complexity of business transactions and the Globalisation of financial markets[105]. The need for a uniform set of globally accepted accounting standard has promoted countries to pursue the emergence of international accounting standards, in a country like Nigeria. The international financial reporting standard was successfully adopted in the year 2012.

Nigeria leading the private sector companies voluntarily adopted the regulatory body in 2010. It was expected that the adoption of this regulatory body would improve accountability quality and reduce information and smoothen communications among managers, shareholders, and creditors[106]. There are two approaches used in the adoption of the international financial reporting standard which is the convergence and full adoption. Standard settlors would adjust naturally to national general accepted accounting principle hence the new adjusted principles would be the same or similar to the international financial reporting standards.

In the adoption process all the IFRS would be fully implemented. Corporate profitabilit0 is highly effective. It is designed to give a global view of how a company operates. Corporate profitability is the bedrock of every company after incorporation. Therefore, it is important when the IFRS is implemented. In its activities it reflects the specific terminology and drives values within any organisation. It is suitable for managers at every point.

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105 I. D. Vivian and Y. Henry 'The influence of the international financial reporting standards on financial performance and taxation of selected listed firms in Nigeria' (2021) 1 (7)

106 Ibid (n 109)

Through adopting this regulatory body, it helps in facilitating growth in bilateral economic activities. The significance and benefit of the adoption of the IFRS, effects a systematic conformity in company activities

Also the IFRS adoption on taxation has produced a significant possible impact on profitability. Also significant differences do not exist much on key sectors of listed firms in Nigeria.

4.4 COMPARISON WITH COMPANY LAWS IN OTHER JURISDICTION (USA, INDIA, SOUTH AFRICA)

U.S.A; Company law as earlier explained consists of the creation and regulations of business association. In the United States this area of law is commonly known as the corporate law. However, we already know that a corporation is mainly one legal firm among others. The term company law might be more precise, since the United States is a more federal system most company laws are retained by the states. According to studies the American company law does not exist but so more or less different types have being taken into account Company law in the United States varies from states to state[107]

This each state laws govern their own company law affairs. Concerning the corporation of companies its process is filing the articles of incorporation with the respective state authority which then issues the certificate of incorporation which is a document evidencing the existence of a corporation. [108]

107 I. D. Vivian and Y. Henry 'The influence of the international financial reporting standards on financial performance and taxation of selected listed firms in Nigeria' (2021) 1 (7)

108 I. D. Vivian and Y. Henry 'The influence of the international financial reporting standards on financial performance and taxation of selected listed firms in Nigeria (2021) 1 (7)

However, the dominant state attracting the incorporation of Companies is the small state of Delaware, which charges no tax on activities outside the state. Studies have shown that more than 60 percent of United States companies have their legal home in Delaware [109]

INDIA; To incorporate a company India preparation of several document is required. Companies in India are either incorporated under a royal charter, companies incorporated by special legislation such as the Indian parliament or state legislature.

However, some business in India does not require formal incorporation and registration is not compulsory unlike in Nigeria. The company Act 2013[110] in India mandates that every company should Ave board of directors

The incorporation of companies in India is somewhat similar to Nigeria regulatory rule. Corporation in India are subject to other regulations administered by the ministry of corporate affairs.

SOUTH AFRICA; In south Africa a comfy is separate from its employees or shareholders. These shareholders are not held liable for any fraudulent Act performed by the company unlike Nigeria that has adopted the doctrine of lifting the veil.

First of all, the corporate veil is the legal assumption that the acts of a corporation are not the actions of its shareholders so that the shareholders are exempted from the liability of the corporation's action examining the conditions and circumstances under which a veil can be lifted, cracked or pierced open, the terminology "lifting the veil" is an Imprecise phrase extending to broaden circumstances relevant to companies. A point which must be noted on this note, is that only the conduct of certain individuals is examined with a view to imputing it to the corporation or company

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109 Ibid (n 112)

110 s149 of the Companies Act 2013

Penetrating the corporate veil therefore is the judicial Act of imposing personal liability or otherwise immune corporate officers, directors, shareholders for the corporation wrongful acts also termed disregarding the corporate entity. Handling exceptional situations in which a veil can be lifted, it should be emphasised that the veil never means that the affairs of the company[111] are Completely isolated from the view. On the contrary, the Legislature has made it a very important and essential condition for the recognition of corporate personality with limited liability that it should be accompanied by wide publicity.

The principle of penetrating the fiction of the corporate world is applied with great care. Corporate entities may be disregarded when they are made to implement for legal avoidance[112]. However, this corporate entity will not be looked down on when those in control have deliberately adopted the corporate form in order to secure its advanced no legal violation is done by treating the corporate entity as a separate legal person.

4.5. LESSONS NIGERIA CAN LEARN FROM OTHER COMPANIES

The stipulation of requiring a minimum of two persons under the Companies and Allied Matters Act which prohibits a one-person company appears contrary to global trends and significantly blocks commercial transactions.

Making company registration an easy process by avoiding beauratic hurdles can be efficient

Also adopting a stronger requirement for governance practices should not be overemphasized

Nigeria can take lessons from Singapore, this country adopted a high efficient company registration process resulting in an investor friendly environment

Also in the United Kingdom it provides for a robust shareholders protecting mechanisms

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111 *Black's Law Dictionary* (6th Edition)189

112 *Dias Jurisp.* (5th. Ed. 1995) 256

CHAPTER FIVE

5.1 SUMMARYS OF FINDINGS

Chapter one serves as the Foundational introduction to the research, laying a groundwork for the entire study and establishing the framework within which a detailed research took place. It begins with the detailed exploration if the background context and rationale for the reason this research is necessary. Following the background study, thus shows the gap in the literature that the study seeks to fill. Following the background, the statement of research problem is introduced, analysing the specific issues or controversy that the research seeks to address by analysing these problems, the research begins to take shape and directs its attention towards the central concerns from this research questions are formulated. This questions reflect issues are identified in the problems. The chapter then outlines aims and objectives of the study, distinguishing between a broad aim which provides the purpose of research and specific objectives, the objectives might include providing practical recommendations. The chapter goes on to clearly delineate the significance of study which gives us more knowledge and insight about the implications of the thesis. The chapter concludes by introducing the research h methodology which provides an overview of the methods and approach used in gathering and analysing data, whether adopting a quantitative, qualitative or mixed method approach[113].

Chapter two builds the theoretical foundations for the research presenting a well-developed conceptual framework that defines different key terms, concepts and ideas identical to the study. It begins by clarifying the definition of essential terms. The chapter then introduces the literature and empirical framework which evaluates, synthesiser the research work. It gives a detailed understanding view which relates to the research work. It also makes reference to

[113] N. Majeed 'Historical and historical legal research forms' (2023) *forms challenges and methodology, Pakistan journal of social research*

past works of learned writers with similar theories to the research topic. The literature review is a key element of this research, offering a comprehensive summary of previous works and their contributions while identifying areas where the current study can add value [114]

Chapter three provides an in-depth analysis of the international and domestic legal and institutional framework regulating company law. This chapter critically assess how the current legal framework could be reformed to address the issue[115]

Chapter four undertakes a detailed analysis if the present situation and activity of the Nigerian company law. It explores the present development of the issues in the research topic and also demonstrated how progressive legal framework can be adopted [116]

Finally, Chapter five synthesis the entire research endeavour providing a concise yet comprehensive summary of the key findings, recommendations based on this findings contributions to knowledge. It also concludes by outlining potential areas few the further research identifying unresolved questions or new challenges that future scholars might address.

5.2 RECCOMMENDATIONS

- The nature of laws formulated from time to tune gives room for reflections on problems of the past and paves way for development[117]

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114 N. Majeed 'Historical and historical legal research forms' (2023) *forms challenges and methodology, Pakistan journal of social research*

115 Ibid (n 118)

116 A. Abuah and others 'Historical background to the development of company law in Nigeria' in Y. sulayaman & A.B. Abdulhamid (eds), *A discourse* (sulayaman publications,2021) 8-18

116 Nigerian National Petroleum Corporation was established by the Nigerian National Petroleum

117 Joint stock companies 1956

- Awareness and campaigns of the role of the Companies and Allied Matters Act to small businesses. The Companies and Allied Matters Act offers several benefits to small scale businesses by saving cost and it also reduces administrative burden.[118] Campaigning of the benefit of the provisions of law to small scale businesses should not be overemphasized.
- Amendments of the Companies and Allied Matters Act would leave room for addressing various forms of law and how companies should operate in line of it. This brings us to notice the shortcomings of this Act. Like how it gives room to the corporate affairs commission by garnering them overly broad powers. This amendment would ensure the removal of those overly broad powers and lack of clarity of significant control.
- Leniency of the corporate affairs commission on the excessive powers over religious institutions [119]
- Overly broad powers granted to the corporate affairs commission to interfere with religious and non-governmental organisations without proper court oversight should raise concerns[120]

5.3 CONTRIBUTIONS TO KNOWLEDGE

This research work has produced a more detailed insight on how corporate law operates how businesses are incorporated and how we can use the provisions of law to curb fraudulent activities. It also gives us a detailed guide on how to register incorporate companies had also various positions and their detailed activities, positions you can also acquire in companies. Most of all it gives us a very detailed explanation on the roots to the branches of the development of company law.

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118 s272 - 402 of the Companies and Allied Matters Act

119 s839 (7) Companies and Allied Matters Act

120 s839 (7) of the Companies and Allied Matters Act

5.4 AREAS OF FURTHER STUDIES

Exploring the effect of specific laws other than the Companies and Allied Matters Act in corporate governance. Examining the effectiveness of different broad structures in promoting ethical decisions making also in detailed research should show impact.

5.5 CONCLUSION

In conclusion this study has undertaken a comprehensive exploration of the legal and institutional framework regarding the development of company law.

Chapter one laid good ground work for thus research establishing the relevance and importance of the study. This chapter set the stage for a systematic inquiry into the complexity of the history of Company law

Chapter two built a theoretical foundation of the study providing a nuanced understanding of the concepts and terms related to the history of Company law.

Chapter three turned its attention to the Nigerian legal framework critically, analysing different provisions of law. It revealed significant loopholes that exist in corporate law.

Chapter four engaged in a detailed present analysis of the development of company law

Chapter five synthesis the findings 9f the research, offering, key recommendations, contributions to knowledge and further studies, the research highlights potential areas for further studies.

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