

POWERS AND DUTIES OF THE CORPORATE AFFAIRS COMMISSION AS A REGULATORY BODY IN NIGERIA*

Abstract

The Corporate Affairs Commission was established by section 1 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 (CAMA). The Corporate Affairs Commission is a regulatory body, established to regulate the incorporation, running and winding up of companies, business names and incorporated trustees, in accordance with CAMA. While performing these functions, it has the enabling power entrenched in it by law to aid its carrying out its functions. The aim of this article is to examine these duties and the enabling powers with a view to assessing whether these powers are adequate to enable it carry out these functions and duties. The problems encountered by the Commission while carrying out these duties will be examined. Finally, recommendations will be proffered on how to solve these problems.

Introduction

A company has been defined as an association of a number of persons united for economic purposes that is to carry on business for gain.¹ This definition is not exhaustive as it does not give room to incorporated trustees and company limited by guarantee, which are not for economic gains. Company law in Nigeria is foreign to Nigeria and it was incorporated into the Nigerian legal system through the Received English Law. It has undergone numerous evolutions ranging from The Companies Ordinance, 1912, The Companies Ordinance, 1922, The Companies Act, 1968 to The Companies and Allied Matters Act, 1990 now 2004 with remarkable innovations included.

Prior to the establishment of the Corporate Affairs Commission, the administration and regulation of companies in Nigeria was steered by the Registrar of Companies in the Corporate Affairs Division of the Ministry of Trade.² In fact, its organization and staffing were the joint responsibility of the Ministry of Trade and the Ministry of Justice. It should be noted that despite the fact that the Company Registry was a revenue generating government agency, it was however, fraught with inadequacies and shortcomings as it was starved of funds and other necessary facilities. It was in this light that the Nigerian Law Reform Commission embarked on a law reform programme in 1987. Upon several deliberations, the Commission came up with the view of having an autonomous body for the regulatory body to perform its functions adequately. The Law Reform Commission borrowed the practice prevalent in other countries like England and India and recommended the establishment of the Corporate Affairs Commission.³

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¹ Olajide Olakanmi, “**Companies and Allied Matters Act, Synoptic Guide**”, Lawlords Publications, Abuja, 2006, p. 5.

² J Olakunle Orojo, “**Company Law and Practice in Nigeria**”, Lexis Nexis Butterworths, 5th edition, p. 23.

³ see Report on the “Reform of the Nigerian Company Law”, Volume 1, p. 29-34

The Corporate Affairs Commission was established by section 1 of the Companies and Allied Matters Act⁴ as a corporate body with perpetual succession and a common seal, capable of suing and being sued in its corporate name, and of acquiring, holding or disposing of all types of property for the purposes of its functions. Most importantly, the Corporate Affairs Commission was created to administer the Act.⁵

The Governing Board of the Commission consists of the following:

- i) The Chairman who is appointed by the President of the Federal Republic of Nigeria on the recommendation of the Minister;
- ii) A representative of the Legal Profession;
- iii) A representative of the Accounting Profession
- iv) A representative of the Nigerian Chamber of Commerce, Industries Mines and Agriculture.
- v) A representative of Securities and Exchange Commission;
- vi) A representative of the Manufacturers Association of Nigeria;
- vii) A representative of the Federal Ministry of Commerce
- viii) A representative of the Federal Ministry of Industries;
- ix) A representative of the Federal Ministry of Justice; and

The Registrar-General is the Chief Executive of the Commission and is saddled with the responsibility of its day-to-day management.⁶ Except the Registrar-General, the Chairman and members are appointed to work on a part-time basis.⁷

Powers and Duties of Corporate Affairs Commission

The duties of the Commission are set out in section 7 of the Companies and Allied Matters Act and they include the following:

1. To administer the Act, including the regulation and supervision of the formation, incorporation, management and winding up of companies;
2. To establish and maintain company registries and offices in all the states of the Federation suitably and adequately equipped to discharge its functions under the Act or any law in respect of which it is charged with responsibility;
3. Arrange and conduct investigations into the affairs of any company where the interests of the shareholders and the public so demand;
4. To perform such other functions as may be specified by any Act or Enactment;
5. To undertake such other activities as are necessary or expedient for giving full effect to the provisions of the Act.

The Commission also registers Business Names, Incorporated Trustees and provides a wide range of ancillary services. As an aside, it has been posited that these functions should not collude or affect the powers, duties or jurisdiction of the Securities and Exchange Commission under the Investment and Securities Act.⁸

⁴ Cap C20 of the Laws of the Federation of Nigeria, 2004 (herein referred to as CAMA, 2004).

⁵ CAMA, 2004.

⁶ Section 2 of CAMA, 2004. www.cacnigeria.org, visited 16th June, 2010.

⁷ J Olakunle Orojo, "Company Law and Practice in Nigeria", LexisNexis Butterworths, 5th edition ,p. 25-26

⁸ Cap I24, Laws of the Federation of Nigeria, 2004.

Equally, the Commission has the power to carry out all the above mentioned functions and, in addition, it may apply to court for directions in respect of any matter concerning its duties, powers, and functions under the Act and, on any such application, the court may give such directions and make such further order as it thinks fit.⁹ The Commission may also make enquiries on any person or company relating to compliance with the Act.¹⁰

It is worthy of note to state that the Commission has offices in all the states of the federation. As a result of commercial climate of some states, there arose the need to have more than one office e.g. Lagos State has three offices situated at Yaba, Ikeja and Marina. The following are among the services offered at the state zonal offices with the aim of bringing the services of the Commission closer to the people¹¹ and they include:

- i. Business name registration;
- ii. Processing of statutory filing under the Act and subsequent transfer to the Headquarters for further necessary actions;
- iii. Verification and assessment of applications for company incorporation after which they are sent to the Headquarters for final approval and registration;
- iv. Sale of all statutory forms and publications of the Commission;
- v. Responding to enquires and complaints in respect of the services of the Commission;
- vi. Handling the preliminary process of accreditation of professionals like lawyers, chartered accountants and chartered secretaries.

In the same vein, the Commission has in a bid to measuring up with international standard, been operating an online registration of companies since 2005, this is indeed commendable. This enables customers, both foreign and local to patronize the services of the Commission from any location by means of an e-payment system which is smartcard based. This provides the customers with a flexible and simple means of paying for the Commission's services.¹²

In order to debar touts from pervading the system, the Commission gives accreditation to persons who genuinely seek information in the Registry either for themselves or as professionals on behalf of others. For the purpose of clarification, it is only Legal Practitioners, Chartered Accountants and Chartered Secretaries who are accredited with the Commission to register a company under Part A of the Act. The requirements for accreditation for a legal practitioner are as follows:

- a) Obtain an accreditation form for free at the Commission.
- b) Fill and submit with the following documents:
 - i) 2 recent passport sized photographs
 - ii) photocopy of NYSC discharge certificate
 - iii) photocopy of call to bar certificate
 - iv) copy of receipt of practicing fee for that year
 - v) ₦2,500 for individuals and ₦5,000 for corporate organization

⁹ Section 563(1), CAMA, 2004

¹⁰ Section 563(2), CAMA, 2004

¹¹ see the Commission's publication titled, "ABOUT US", Page 3.

¹² J. Olakunle Orojo, "Company Law and Practice in Nigeria", Lexis Nexis Butterworths, 5th edition, p. 26

It is upon the fulfillment of the above criteria that an accreditation I.D card will be issued. For Part B and C of the Act, any person can register the company.

The duties and powers of the Commission will be subdivided and discussed in full details as follows:

1(a) Regulation and Supervision of the Formation of Companies, Business Names and Incorporated Trustees

Under the CAMA, any two or more persons can form and incorporate a company.¹³ The following types of companies exist:

- (i) **Company Limited by Shares:** This is a company having the liability of its members limited to the value of the shares he holds.
- (ii) **Company Limited by Guarantee**¹⁴: This is a company without a share capital. It is a non-profit oriented company where the liability of its members is limited to such amount as the members respectively undertook to contribute to the assets of the company in the event of it being wound up. Due to the tax exemption and other benefits granted to this type of company, the consent of the Attorney General of the Federation is required for the registration.
- (iii) **Unlimited Company**¹⁵: This is a company where the members' liability is not limited to any particular amount.

Each of these primary types of companies may be a private¹⁶ or a public company¹⁷. A private company is one, which places restriction on transfer of shares by members, and limits its membership to 50 persons. It is also prohibited from inviting the public for subscription to its shares or debentures. On the other hand, a public company has no such restrictions as its shares can be freely traded on. It can be listed or unlisted. It is usually listed when it is quoted on the Stock Exchange.¹⁸

The minimum share capital required of a private company is ₦10, 000 and for a public company, it is ₦500, 000. This requirement seems inadequate with the value of the naira having changed drastically between 1990 (when the law was made) and today. The Memorandum of Association of the company must state that the subscribers "shall take amongst them a total number of shares of a value of not less than 25 percent of the authorised share capital and that each subscriber shall write opposite his name the number of shares that he takes".

Taking cognizance of the need for business expediency, the CAMA allows Attorneys, Accountants, to hold shares for promoters, provided the fact of such shares held on trust is disclosed in the Memorandum & Articles of Association. A number of foreign investors in order to expedite the incorporation process give Powers of Attorney to local professionals to incorporate companies for them and to obtain the

¹³ section 18, CAMA, 2004

¹⁴ section 26, CAMA, 2004

¹⁵ section 25, CAMA, 2004

¹⁶ section 22, CAMA, 2004

¹⁷ section 24, CAMA, 2004

¹⁸ Kenna & Associates, "Establishing an Enterprise in Nigeria: The Legal Framework", www.ken&associates.com, assessed on the 15th June, 2010

relevant statutory licenses and approvals for the establishment of enterprises in Nigeria.¹⁹

Part B is for Business Names –This is restricted to Sole Proprietors, Partnerships & Firms

Business Names: These are the names or styles under which any business is carried on, whether in partnership or otherwise. The expression ‘firm’ is used when 2 or more persons have entered into a partnership with a view to carrying on business. Business names are to be registered under CAMA where the name consists of an addition to a person’s name. e.g. "John Smith" is not required to be registered, but "John Smith & Co" requires registration.²⁰

Sole Proprietorship: This is a one-owner business, and should be registered with the CAC as a Business Name under Part B of CAMA.

Partnership/Firm: This has the same format as a registered sole proprietor, except that there is more than one person involved.²¹

Part C: Incorporated Trustee: This is used for establishing non-profit making organizations popularly referred to as Non-Governmental Organizations (NGOs). It is used for the establishment of social, scientific, educational, religious, cultural and other similar bodies. The organization is required to appoint trustees who will then be registered as the "Incorporated Trustees of XY Educational Support Foundation". The Commission is saddled with the responsibility of ensuring compliance with the provision of the Act in relation to the formation of companies.

1(b) Incorporation and Registration of Companies, Business Names and Incorporated Trustees

Incorporation of Companies: In registering a company under Part A of the Act, the following should be delivered to the Corporate Affairs Commission for registration:

- i) Availability/Reservation of Name Form: This is done by obtaining and filling Form CAC 1. Section 32 of the Act permits reservation of names for 60 days.
- ii) Prepare the requisite incorporation documents and pay the stamp duty; there must be strict compliance with section 35 of the Act. The incorporation documents include;
 - Memorandum and Article of Association
 - Notice of address of registered address²² (form CAC)
 - Particulars of Directors (form CAC7)
 - Authorized share capital (form CAC2)
 - Notarized statutory declaration in a prescribed form (form CAC4)

¹⁹ Kenna & Associates, “Establishing an Enterprise in Nigeria: the Legal Framework” Kenna & Associates, assessed on 15th June, 2010.

²⁰ M. N Umenweke, *etal*, “Commercial Law and Practice in Nigeria”, Nolix Educational Publications (Nig) Enugu, p.503.

²¹ *Ibid*.

²² *All States Trust Bank Ltd .v. Chyke Int’l Ltd* [2003] FWLR (Pt.141) 1903 C.A.

- Other documents as required by the commission
- iii) Register the company with the Corporate Affairs Commission & pay the necessary fees at the bank desk at CAC.
- iv) Register and pay stamp duties on the share capital of the company with the Federal Board of Inland Revenue Department of the Ministry of Finance
- v) Register for personal income tax PAYE at the State Tax Office
- vi) The Commission will register the company upon the satisfaction of the requirements as enunciated in the Act and will issue a certificate of incorporation.²³

The certificate of incorporation signifies that the company has been clothed with legal personality²⁴ and it exists as a corporate body with power to hold land and having perpetual succession and a common seal.²⁵ It was held in **Regd. Trustees, P.A.W.I. v. Regd. Trustees, A.P.C.C**²⁶ that corporate personality is the basis of an act of incorporation/registration by the Corporate Affairs Commission and it is a prima facie evidence of incorporation.²⁷ The issuance of the certificate of incorporation is a prima facie evidence of incorporation.²⁸

Registration of Business Names

The procedure for the registration of a Business Name for use by a "sole proprietor" or "partnership/firm" essentially involves the submission of a duly completed Application Form to the CAC signed by the appropriate persons. This form which must disclose certain particulars must be accompanied by a number of documents²⁹ as follows:

- Reservation of Name Form (Form/ BN/A1);
- The proposed name;
- The general nature of the business or proposed activities (Form/ BN/B2);
- The full address of the principal place of business and every other subsidiary place of business (Form/BN/B3);
- Where the registration to be effected is that of a firm; the present forenames and surnames, nationality, age, sex, occupation and usual residential address of each of the individuals who are the intending partners, and the corporate name and registered office of such corporation which is an intending partner as the case might be.
- The proposed date of commencement of the business or activities
- Passport sized photographs of the owners
- Certificate of professional qualification where the business is of a professional nature.

²³ section 36, CAMA, 2004

²⁴ See **Lasisi .v. Registrar of Companies** (1976) 7 S.C, p.73

²⁵ Section 37, CAMA,2004, **Nigerian National Petroleum Corporation v. Lutin Investments Ltd** [2006] All FWLR (pt.301) 1760 S.C

²⁶ [2003] FWLR (pt 150) 1795

²⁷ **Magbagbeola v. Sanni** [2005] All FWLR (Pt. 267) 1367 S.C.

²⁸ Section 36(6) CAMA, 2004.

²⁹ Section 574, CAMA, 2004, **Dana Impex Ltd .v. Awukam** [2006] All FWLR (pt.311) 1924 C.A

- Where one of the partners is a non-Nigerian and intends to work in Nigeria, evidence of his immigration status.

It should be noted that additional information and supporting documents may be required in the case of a firm or an individual carrying on business on behalf of another individual, firm or corporation whether as a nominee or trustee and in the case of a firm or individual carrying on business as general agent for another concern or overseas entity and not having a place of business in Nigeria.

Registration of Incorporated Trustees: This is used for establishing non-profit making organizations such as clubs, churches, Associations, Town Unions, Charitable organizations, Non-Governmental Organizations (NGOs). It is used for the establishment of social, scientific, educational, religious, cultural and other similar bodies. The organization is required to appoint Trustees who will then be registered as the "Incorporated Trustees of XY Educational Support Foundation". The requirements for incorporated trustees are that the application (CAC/IT/FORM001) must be made stating the following:³⁰

- i.) the name of the proposed body
- ii.) the aims and objectives of the association
- iii.) names, addresses and occupation of the secretary of the association and it must be accompanied by
 - two printed copies of the constitution of the association
 - duly signed copies of the minutes of the meeting appointing the trustees and authorizing the application, showing the number of people present and votes scored.
 - Impression or drawing of the proposed common seal.

The application must be signed by the person making it and upon the demand by the Commission, a declaration (CAC/IT/FORM002) or other evidence of verification may be requested for. The annual return form is usually in CAC/IT/NO.

Foreign Companies in Nigeria³¹

A non-Nigerian is at liberty, and indeed encouraged to invest and participate in the operation of any enterprise in Nigeria. However, the promoters or investors would have to register a company in Nigeria. This company will be a separate and distinct entity from its parent company. Until so incorporated, a foreign company may not carry on business in Nigeria or exercise any of the powers of a registered company.³² This does not mean however that a company not registered in Nigeria cannot sue or be sued for goods or services delivered. In fact, it can sue and be sued.³³

A foreign investor may incorporate a Nigerian branch or subsidiary of the parent company by giving a Power of Attorney to a qualified solicitor in Nigeria for this purpose. The incorporation documents in this instance, would disclose that the

³⁰ Section 591, CAMA, 2004

³¹ Section 54, CAMA, 2004

³² **Ritz Pumperfabrik Gmgh and Co. AG .v. Techno Continental Engineers and Another** (1999) 4 NWLR (Pt.598) 298.

³³ **Kenna & Associates, op.cit., Bank of Baroda.v. Iyalami Co. Ltd** (2002) 13 NWLR (Pt.948) 551

Solicitor is merely acting as an "agent" of a "principal" whose name(s) should also appear in the document. The Power of Attorney should be designed to lapse, thus indicating that the appointed Solicitor shall cease to function upon the conclusion of all registration formalities. When this is accomplished, the locally incorporated branch or subsidiary company may then apply to the Nigerian Investment Promotion Commission ("NIPC") for a Business Permit, Expatriate Quota, and other requisite approvals and licences.³⁴

Section 56 provides exceptions to the general rule in section 54 which include;

- i. foreign companies invited to Nigeria by or with the approval of the Federal Government of Nigeria to execute any specified individual project;
- ii. foreign companies which are in Nigeria for the execution of a specific individual loan project on behalf of a donor country or international organization;
- iii. foreign government-owned companies engaged solely in export promotion activities, and;
- iv. engineering consultants and technical experts engaged in any individual specialist project under contract with any of the Governments in the Federation or any of their agencies or with any other body or person, where such contract has been approved by the Federal Government.

Registration of a foreign company includes:

- i. Availability/Reservation of Name Form
- ii. Memorandum & Articles of Association duly stamped by the Commissioner for Stamp Duties, and duly subscribed to by at least two Nigerians or persons of foreign nationalities who have been granted Business Permit. However, in the absence of a Business Permit a foreign investor could authorize a Nigerian citizen or organization by means of a Power of Attorney to subscribe on its behalf pending the grant of a Business Permit;
- iii. Copy of Business Permit if the subscribers are of foreign nationalities;
- iv. Duly completed Form CAC 2.2/C.O.6 (showing the address of the company)
- v. Duly completed Form CAC 2.3/C.O.7 (showing the first directors as well as Consent Letters to act as a director, duly signed by each individual director).
- vi. A Statement of the Authorised Share Capital, on the prescribed Form CAC 2.4 and duly stamped by the Commissioner for Stamp Duties;
- vii. Duly completed Form CAC 2.5/C.O.2 (showing the Share Allotments);
- viii. A Statutory Declaration of Compliance by a Nigerian legal practitioner engaged in the formation of the company;
- ix. Bank drafts for the amounts for CAC Filing fees, and stamp duties

Usually, this process could take between 2 weeks to 4 weeks from filing all the requisite documents to obtaining the certificate of incorporation. This is because Nigeria encourages foreign investment, besides there is a one-stop shop at NIPC. Most impediments to foreign participation in the enterprise have been dismantled.

1(c) Management and Winding up of Companies

³⁴ *Ibid.*

The commission is responsible for the management and winding up of companies.

2. Maintaining Company Registries: In pursuance of the Commission's function, it keeps detailed records of all registered companies and registered associations hence opportunity is given to members of the public to make search in respect of companies and other associations registered with the Commission. For this purpose, the Commission has introduced modern methods of storing and retrieving information for the use of the public via internet facilities. It equally keeps the audited annual returns of companies.

3. Investigation into the Affairs of Companies: The Commission conducts investigation into the affairs of any company where the interest of the shareholders public so demands. The Commission has the power to apply by petition to the court for an order in relation to a company for relief on the ground that the affairs of the company are being conducted in an illegal or oppressive manner.³⁵ Also, an application to the court by petition for an order under Section 310 (1)(d) of the CAMA in relation to a company may be made by the Commission in a case where it appears to it in the exercise of its powers under the provisions of this Act or any other enactments that;³⁶

- i) the affairs of the company are being conducted in a manner that is oppressive or unfairly prejudicial to, or unfairly discriminatory against a member or members or in a manner which is in disregard of public interest;
- ii) any actual or proposed act or omission of the company (including any act or omission on its behalf) which was or would be oppressive, or unfairly prejudicial to, or unfairly discriminatory against a member or members in a manner which is in disregard of public interests.³⁷

Accordingly, the Commission may appoint one or more competent inspectors to investigate the affairs of the company and to report to them in such manner as may be directed.³⁸ The appointment may be made in the following situations:

- i) In the case of a company not having a share capital on the application of members holding not less than one-quarter of the class of shares issued
- ii) In the case of a company not having share capital, on the application of not less than one-quarter in number of the persons on the company's register of members.
- iii) In any case on the application of the company.³⁹

It should be noted that the application shall be supported by such evidence as the Commission may require for the purpose of showing that the applicant or applicants have good reason for requiring the investigation.⁴⁰ In the same vein, the court may direct the commission to investigate the affairs of a company and it will appoint competent inspectors to investigate and give report in a manner prescribed.

³⁵ Section 310(1)(d), CAMA, 2004

³⁶ Section 311, CAMA, 2004

³⁷ Section 311(2)(c), CAMA, 2004

³⁸ Section 314, CAMA, 2004

³⁹ Section 314(2)(a)-(c), CAMA, 2004

⁴⁰ Section 314(3), CAMA, 2004

The Commission may make such appointment if it appears to it that there are circumstances suggesting that:

- a) The company's affairs are being or have been conducted with intent to defraud its creditors or the creditors of any other person, or in a manner which is unfairly prejudicial to some parts of its members ;or
- b) Any actual or proposed act or omission of the company(including any act or omission on its behalf) is or would be so prejudicial, or that the company was formed for any fraudulent or unlawful purpose or
- c) Persons concerned with the company's formation or the management of its affairs have in connection therewith been guilty of fraud or misfeasance or other conduct towardS it or towards its members; or
- d) The company's members have not been given all the information with respect to its affairs which they might reasonably expect.⁴¹

Consequent upon the inspectors' report, the Commission may bring any civil proceedings on the company's behalf if it appears to it that civil proceeding ought to be brought in the public interest by the company or any corporate body.⁴² The Commission shall indemnify the body corporate against any cost or expense incurred by it in or in connection with proceedings brought under this section; any costs or expenses so incurred shall be, if not otherwise recoverable be defrayed out of the Consolidated Revenue Fund. This power wielded by the Commission is backed up by the provisions of the Act.^{43a}

4. Lastly, the Commission is vested with the power to perform such other functions as may be specified by any Act or enactment and to undertake such other activities as are necessary or expedient for giving full effect to the provision of the Act.

Problems Encountered by the Commission

Notwithstanding the functions and powers vested in the Commission in administering the provisions of the Act, it however has its own inadequacies eating into the root of its progress. The Registrar-General wields too much power as he is the only person who can append his signature on the Certificate of Incorporation. There is no regional autonomy as the attempt made at making registration of companies easier and faster has not been achieved as companies under Part A, B and C of the Act have to be incorporated at the Headquarters in Abuja. To this end, it makes the whole process cumbersome and not fast considering the enormity of companies all over the federation that needs to be incorporated.

There is, equally the issue of ICT that needs to be fully addressed, as well as electricity problem, which makes the Commission spend more money on fuelling generators. According to the Registrar-General of the Commission, Mr. Ahmed Almustapha, who stated that:

⁴¹ Section 315 (2)(a)-(d), CAMA, 2004

⁴² Section 321, CAMA, 2004

^{43a} *Ibid.*

Computerization of the Companies' Registry needs constant power, that lack of clean power with fluctuations on our computer, server and other equipment will shut themselves up and when they start shutting themselves up frequently, there will be problem.⁴⁴

Similarly, the online search is not fully functional as it is not frequently updated. In effect, the following could be itemized as challenges of the Commission;

- Power Supply
- Inadequate ICT Infrastructure
- Poor Postal Services
- Inadequate Legal Framework
- Low Literacy Level
- Low Computer Literacy and Internet awareness⁴⁵

Some people register companies at the Commission for the purpose of obtaining contracts as their companies exist only on paper. To this end, such companies do not have structures and audited annual report and as such do not file annual return. Also, the Commission has issues with implementation of some of the provisions of the Act.

The statutory requirement for payment of annual taxes and return of evidence of such payment to the CAC is not only a mechanism to generate revenue for government but a veritable means of ascertaining whether an incorporated company is in business or is moribund.

Dormant companies are not only a loss to government in terms of potential revenue but also a hindrance to the registration of new companies who share the same or similar corporate names. It is not uncommon for unscrupulous agents to incorporate companies in the names of world famous brands with the expectation that when such famous brands come to Nigeria, they could sell the incorporated names to the actual users of such names at a huge profit.

Recently, the Federal Inland Revenue Service (FIRS) of Nigeria declared that 949 companies are dormant. In a step towards achieving this objective, the FIRS and the Corporate Affairs Commission (CAC) are to de-list dormant companies from the Register of Companies in Nigeria. When the proposal takes effect, dormant companies would have two months within which to prove that they are still engaged in business under their registered names.⁴⁶

Recommendations

1. It is our view that the power of the Registrar-General be decentralized so that the process of incorporation of companies will be easier as the whole essence of having state zonal offices is for this purpose, besides, these state zonal offices should be made autonomous. To this end, the Commission should have

⁴⁴ www.cacnigeria.org, visited on the 15th June, 2010

⁴⁵ See www.cacnigeria.org, www.cacnigeria.net, www.cacnigeria.com, 15th June, 2010

⁴⁶ Dr. Boniface Ahunwan in his article, "Corporate Affairs Commission to Deregister Tax-Defaulting Companies in Nigeria", Visit www.HG.org, February 21, 2009

a central system in terms of company Register so as to avoid duplicity of names.⁴⁷

2. There should be massive computer literacy and internet awareness. It is highly commendable that the Commission introduced security-proof certificate in June, 2010 as a safeguard to fraud and forgeries and should be updated at intervals to measure up with global standard.
3. The time frame for registration should be abridged since the Commission can undertake one-day incorporation, then that means that it can significantly reduce the time frame for the normal registration.

Conclusion

The Corporate Affairs Commission is doing a great job. In contrast to the experience under the defunct Registrar of Companies, the Commission has improved and modernized the process of registration of Companies, Business Names and Incorporated Trustees. It is our own humble view that there is still room for improvement particularly as it relates to the time frame for registration. In the case of incorporated trustees, the Commission needs to find a way of abridging the process of its registration. In summary, the Commission needs to be commended for its giant strides as a regulatory body in the industry.

⁴⁷ compare with section 30, CAMA, 2004