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AN EXAMINATION OF THE PROSPECTS AND CHALLENGES OF COMPANIES AND ALLIED MATTERS ACT 2020: A CASE STUDY OF SECTION 839

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ABSTRACT

Companies and Allied Matters Act (CAMA) 2020, principally is to regulate the formation, management and dissolution of Businesses and Associations. It regulates the affairs of Associations such as Non-Governmental Organizations (NGOs), Mosques, Churches, Clubs etc. from their formation, management, and dissolution. This work mainly is directed on the Fundamental Changes and Innovations brought by the present Act in support of the campaign of the government of the Federal Republic of Nigeria on the Ease of Doing Business and illuminating the changes made to the law with respect to Incorporated Trustees under Section 839 of the Act. Doctrinal method of legal research was adopted, the paper found that the Act introduced novel provisions that are in line with international best practices, however found that the provision of section 839 of the Act on the powers of suspension, and appointment of interim managers conferred on the Corporate affairs Commission(CAC) and the Commission's discretion on its "reasonable believe" contradicts the powers conferred on the court to suspend trustees of an Association. It is advocated that the wide discretionary powers given to Registrar general to remove /suspend trustees of these organizations may be subject to abuse, there is likelihood that injustices may reign. The paper recommended among other the need to amended section 839 to absolutely confer the powers to suspend, remove and appoint interim managers on the court upon the petition of members of an Association.

Keywords: Incorporated Trustees, CAMA 2020, Prospects and Challenges

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1.1 INTRODUCTION

Since the signing into law of the Companies and Allied Matters Act, 2020 (CAMA) by President Muhammadu Buhari, The Act, repealed and replaced the Companies and Allied Matters Act, 1990, introducing, after 30 years, several corporate legal innovations geared toward enhancing ease of doing business in the country”.¹⁸⁶ Apparently, it has been unequivocally described as Nigeria’s most significant commercial and corporate legislation since 1990 when the initial Companies and Allied Matters Act was enacted¹⁸⁷ CAMA 2020 brings commendable provisions which amplifies the advocacy and campaign of the Government of the Federal Republic of Nigeria on the ease of doing business (EODB) and reduces to a large extent the seemingly cumbersome, burdensome and vexatious regulatory requirements for registration and operations of business in the country. ¹⁸⁸ The new CAMA 2020 repealed the old CAMA¹⁸⁹ and in its stead, enacted novel provisions for the incorporation of companies, limited liability partnerships, limited partnerships, registration of business names as well as incorporation of trustees of associations, charitable bodies¹⁹⁰ which are generally referred to as ‘Incorporated Trustees’ in the legal parlance.

This work also examines the legal implications of the novel provisions embedded in CAMA, 2020 as it relates to regulation of Incorporated Trustees in Nigeria, with different shades of criticisms and backlash on some of its provisions. Thus it examined the legal implications of these reforms on the continued existence of Incorporated Trustees in Nigeria.

The paper is divided into four parts. Part I is a general introduction of the subject matter. Part II explores some of the reforms introduced by the Act. Part III, x- rays the legal implications of the innovative reforms on Incorporated Trustees in Nigeria and IV contained the conclusion and recommendations.

1.2. SOME MAJOR INNOVATIONS OF CAMA 2020

¹⁸⁶Harlem, “Companies and Allied Matters Act, CAMA 2020-An Overview of Notable Innovations” available at <https://www.harlemsolicitors.com/2020>, accessed on 19th March, 2021

¹⁸⁷ This was later gazette as Cap C 20, Law of the Federation of Nigeria (LFN) 2004.

¹⁸⁸ Unini Chioma, “CAMA 2020: 30 Innovative Provisions Every Individual And Corporate Entity must know” available at <https://thenigerialawyer.com/cama2020>, accessed on 19th March, 2021

¹⁸⁹ Cap. C.2, LFN, 2004

¹⁹⁰ CAMA 2020, Explanatory Memorandum. See also part F of CAMA . 2020 for the Incorporation of Associations.

The enactment of the Act is a laudable achievement which has received commendations from various stakeholders, it has been described by many as Nigeria's most significant business legislation ever produced since independence. This is due to the number of innovations that came with it¹⁹¹, several sections and relevant innovations were added which did not exist in the repealed Act. Key innovations introduced includes: that a company can now have only one shareholder; no need for company seal anymore; Incorporated Trustees (IT) can now merge; electronic filing, share transfer and e-meetings for private companies; introduction of Limited Liability Partnerships (LLP) and Limited Partnership; small companies no longer need to appoint auditors; authorized share capital replaced by minimum share capital; A public company can now be re-registered as an unlimited company; provision for virtual Annual General Meeting; applicant can now sign their statement of compliance during incorporation; private companies no longer need to appoint company secretary; increased minority protection; Reduction in filing fees for registrations and charge to mention a few

a) INCORPORATION, REGISTRATION AND THE CORPORATE AFFAIRS COMMISSION (CAC)

SINGLE MEMBER COMPANIES CAN NOW BE FORMED

The Act¹⁹² makes it possible to establish a private company with only one (1) member/shareholder. This will allow individuals who are business persons and would love to incorporate their business into a legal entity to do same without necessarily partnering with another shareholder. This would further allow for autonomous control of such businesses.¹⁹³

b) MINIMUM SHARE CAPITAL IS MADE TO REPLACE AUTHORISED SHARE CAPITAL.

Section 27 of the Act, made provision for the replacement of the concept of "authorized share capital" with "minimum share capital" stated in its memorandum of association.

The Act provides for the Minimum Issued Share Capital (MISC) for both private and public company to be N100, 000.00 (One Hundred Thousand Naira Only) and N2,

¹⁹¹ See Olakunle Mohammed Esq <http://ominirainitiative.org/pros-and-cons-of-Nigeria's-new-companies-and-allied-matters-act-CAMA-2020/> accessed 15th December 2020 at 2: 30 pm

¹⁹² Section 18(2) of CAMA 2020

¹⁹³ Ibid.

000, 000.00 (Two Million Naira Only) respectively. The Act further increased the minimum contribution of members of a company limited by guarantee to N100,000.00 as opposed to N10,000.00 provided for under the Repealed enactment.¹⁹⁴

c) COMPANY LIMITED BY GUARANTY

Company limited by Guarantee can now be registered without the consent of the Attorney general (AG) under the Act, retaining the provision for obtaining the AG's consent with timeline of 30 days for the AG to make a decision, failing which the application can progress to the advertisement stage as provided thus; *"Where the AG refuses to grant his consent within 30days of application for consent the promoters of the Company Limited by Guarantee shall proceed to the advertisement stage"*¹⁹⁵.

Prior to the Act, and precisely in section 26 (5) which was in force before now, the consent of the AG cannot be dispensed with even if he withholds his consent for personal reasons.¹⁹⁶

d) PRESCRIPTION OF MODEL ARTICLE OF ASSOCIATION FOR ADOPTION AT INCORPORATION-

A company may now elect not to register an Article of Association, in which case such company will be deemed to have adopted the Model Articles prescribed under the Act for a company of its description. The Act empowers the Minister (for Industry, Trade and Investment) to prescribe model Articles of Association for companies and different model Articles may be prescribed for different description of companies. Note that any amendment made by the model article which is to be prescribed by the minister does not affect a company registered before the amendment takes effect.¹⁹⁷

e) A PUBLIC COMPANY CAN NOW BE RE-REGISTERED AS AN UNLIMITED COMPANY-SECTION

An essential addition to the provisions on the re-registration of companies is the option of re-registration of a public company as an unlimited company provided that the conditions stipulated in section 75 of CAMA 2020 are fulfilled being that all the members of the company have assented to its being so re-registered, the company has not been previously re-registered as a limited or unlimited company, and the application for re-registration is brought in the prescribed manner as provided in

¹⁹⁴ Ibid

¹⁹⁵ Section 26 CAMA 2020

¹⁹⁶ Unini Chioma, Op. Cit.

¹⁹⁷ Ibid.

section 76.¹⁹⁸ This provision will in no small measure enhance the ease of doing business.

f) FOREIGN PARTICIPATION: APPLICATION FOR EXEMPTION NOW TO BE HANDLED BY THE MINISTER

By the provisions of section 54, 55, and 56 of Repealed Act, a foreign company intending to carry on business in Nigeria without fulfilling the requirement of the law regarding incorporation of the company with the CAC had to apply to the President for exemption and this is to be done through a letter addressed to the secretary of the Government of the Federation and such letter shall set out all the required information contained in section 56(2) of the repealed Act.

However, the above provision to have been amended by section 80 of CAMA 2020 which now allows a foreign company to apply directly to the Minister of Trade for exemption. The foreign company upon approval for exemption is further mandated to notify the Corporate Affairs Commission within thirty (30) days failing which the foreign company will be liable to a fine.

The Minister may at any time revoke any exemption granted to any company if he is of the opinion that the company has contravened any provision of this Act or has failed to meet any condition contained in the exemption order or for any other good or sufficient reason.¹⁹⁹

Loss of Revenue for Lawyers: Since private companies are no longer mandated to appoint a company secretary and laymen need not hire lawyers to incorporate a business, this will obviously lead to loss of revenue for lawyers. What hitherto was almost an exclusive preserve of lawyers and accountants might now be opened to all and sundry, as long as they possess a certificate of membership of the BRIPAN.²⁰⁰

g) SHARE CERTIFICATES CAN NOW BE SIGNED AS DEED AND NEED NOT BE UNDER SEAL

¹⁹⁸ Ibid.

¹⁹⁹ Ibid.

²⁰⁰ Primera Africa Legal, “Key Innovations of the Companies and Allied Matters Act 2020 and their commercial Implications”, available at [primera.com>news>key innovations-](https://www.primera.com/news/key-innovations-), accessed on 19th March, 2021

With regards to Section 98 of CAMA 2020 which removes the compulsory requirement of a common seal on a transactional document of the company, the use of common seal on share certificate is now optional as it may either be;

- (a) Issued under the company's seal (where the company has a common seal or
- (b) signed as a deed by the Directors/Secretary..

h) INTRODUCTION OF ELECTRONIC SIGNATURES- SECTION 101 CAMA 2020

In line with global trend and technological development any document, agreement or proceeding requiring signature or authentication may be signed by a Director, Secretary, or other authorized officer of the company and need not be signed as a deed unless otherwise so required in this part and that an electronic signature is deemed legal, satisfactory and acceptable requirement for the signing of documents. Therefore Directors and officers of a company can make use of digital signatory platforms, computer software, and mobile applications like dousing, Adobe fill & sign, Sign Easy etc. in appending their signatures digitally to documents from anywhere in the world. This would save time for matters that require urgency, save resources, and dispense with the need to always travel just to append signatures on documents.²⁰¹

i) ELECTRONIC FILING

Section 860 (1) of the Act provides that Certified True Copies of electronically filed documents are admissible in evidence, with equal validity with the original documents, this further buttresses the already established position of law with regards to admissibility of electronically generated evidence as widely provided for in Section 84 and 85 of the Evidence Act 2011 and in *KUBOR v DICKSON*²⁰² where the supreme Court decided that electronically generated documents are admissible in evidence. Section 860 (2) succinctly provides thus;

“A copy or extract from any document electronically filed with the Commission or issued by the Commission and certified to be a true copy or extract shall in any proceedings be admissible in evidence as of equal validity with the original documents”.²⁰³

²⁰¹ Ibid.

²⁰² (2013) 4 NWLR (pt. 1345) 534

²⁰³ Ibid.

Below is a brief analysis of the formation, appointment and suspension of a trustee for proper understanding of the novel provisions on incorporated trustee and the arguments for and against the controversial section 839 of the Act.

1.3 LEGAL IMPLICATIONS OF THE INNOVATIVE REFORMS ON INCORPORATED TRUSTEE UNDER CAMA 2020

Incorporated trustees are non-business and non-profit making organizations and by section 823 of the Act, they are formed to facilitate the acquisition of corporate personality by a community of persons bound by customs, religion, nationality or any association of person established for scientific, social developments, education among others. Incorporated trustees are the vehicle for registration of organizations or associations such as religion bodies, initiatives, educational and other purposes for the advancement for humanity. The community of persons will usually appoint some persons as their trustees whose responsibility it is to apply for, and register the body or organization. Incorporated trustees are favored organization structured for non-profit from the date of registration²⁰⁴

Effect of Registration of Incorporated Trustees

Section 830 of CAMA 2020, provides as follows:

- 1) From the date of registration, the trustees shall become a body corporate by the name described in the certificate, and shall have –
 - i. perpetual succession;
 - ii. a common seal if they so wish;
 - iii. power to sue and be sued in its corporate name as such trustees; and

- iv. subject to section 836 of this Part, power to hold and acquire, and transfer, assign or dispose of any property, or interests therein belonging to, or held for the benefit of such association, in such manner and subject to such restrictions and provisions as the trustees might without incorporation, hold or acquire, transfer, assign or otherwise dispose of the same for the purposes of such community, body or association of persons.

²⁰⁴ Anyeagbunam v Osake (2002) 5NWLR Pt 657

- 2) The certificate of incorporation shall vest in the body corporate all property and interests of whatever nature or tenure belonging to or held by any person in trust for such community, body or association of persons.
- 3) A certificate of incorporation when granted shall be prima facie evidence that all the preliminary requisitions herein contained and required in respect of such incorporation have been complied with, and the date of incorporation mentioned in such certificate shall be deemed to be the date on which incorporation has taken place.

It shall have perpetual succession and a common seal, and power to sue and be sued in its corporate name, even if the trustees become incapacitated or are dead. In *Reverend R.I. Onuekwusi v The Registered Trustees of the Christ Methodist Zion Church*²⁰⁵, The Supreme Court held Per Fabiyi, JSC, that the death of the original trustees or any of the trustees cannot deny the registered church of its corporate existence and capacity to sue, since the church, under law enjoys perpetual successions. Incorporated trustees enjoy legal personality, a status they derived from trusteeship, entrusted to them for the purpose of non-profit making.

Although it is possible to run a non-profit organization without registration as incorporated trustees, there are key benefits that registration affords such organizations. Some of benefits include corporate legal personality, tax exertion or exemption payment of taxes except where profit is made by the organization or taxes payable on consumables such as VAT.

1.4 Prospect for Reforms on Incorporated Trustees

The Act empowers the Corporate Affairs Commission with the duty of classifying the Associations that intend to register under Part F²⁰⁶. in the classification of Associations, such decision must comply with the aims and object of the association. It is submitted this provision will reduce the multiplicity of associations with similar objects and it will bring about easy identification of Association specialized in a given area of interest.

Quite interestingly, the Act now permits two or more associations with similar aims

²⁰⁵ (2011) 6 NWLR

²⁰⁶ Section 823(1) & (2)

and objects to merge under terms and conditions as may be prescribed by the Commission.²⁰⁷ It's assumed that the rationale for merger of association with similar aims and objects is to save a distressed association from total collapse. Although there could be a number of reasons for mergers,²⁰⁸ the merger of associations under Part F is to however protect a sinking association.

Another unique innovation enshrined in the Act is the mandatory requirement that the trustees of an association shall submit a bi-annual statement of affairs of the association to the Commission.²⁰⁹ By section 847 of the Act, the accounting records of an association shall be preserved by it for six years from the date on which they were made. It is submitted that this provision will promote accountability and probity of trustees in any association.

1.5 A Critique of Some provisions of the Act on incorporated Trustee

Although CAMA,2020 attempts to enhance the ease of doing business in Nigeria in order to keep pace with the globally accepted best practices, it appears to have become a burdensome on the neck of charitable organizations in Nigeria. The fears or apprehension generated by Section 839 of CAMA 2020, which makes provision pertaining the power to suspend the trustees of an association and appoint an interim manager by the Corporate Affairs Commission has generated unprecedented raucous controversies in the realm of Nigerian Corporate Law. One of the real snags in the Act is the Section which empowers the Commission upon enquiry into the affairs of the association to suspend or remove any trustee culpable of misconduct or mismanagement even with no recourse to the court. This could make the Commission wield enormous powers in determining who survives as trustees and could also make trustees of association act, and live in fear of the overbearing power conferred on the Commission.

²⁰⁷ See S. 849.

²⁰⁸ N. Dimgba and others, Law and Practice of Mergers and Acquisition in Nigeria. Available at <<http://SSRN.com/abstract=2652362>> accessed 1st September, 2020

²⁰⁹ S. 845

Are the complaints of some religious organizations on this issue justifiable? Should NGOs be allowed to operate without adequate and strict checks on their activities? These and many more are the questions this article seeks to address.

a) Suspension of Incorporated Trustees

Some provisions of the CAMA, 2020 hold grave consequences for the continued existence of incorporated trustees in Nigeria. The sections implicated in restrictions of liberty of incorporated trustees are sections 839, 842, 843 and 844. The section that has received the most severe criticism is section 839. One of the implications of section 839 of CAMA, 2020 is that it could generate or foist insecurity of tenure for the trustees of an association. In order to reveal the startling impact of section 839 of CAMA, it is important to reproduce some parts of this section and appraise the far reaching consequences the relevant portions of the section are reproduced below:

1. The Commission may by order suspend the trustees of an association and appoint an interim manager or managers to manage the affairs of an association where it reasonably believes that —
 - There is or has been any misconduct or mismanagement in the administration of the association;
 - It is necessary or desirable for the purpose of —
 - i. Protecting the property of the association,
 - ii. Securing a proper application for the property of the association towards achieving the objects of the association, the purposes of the association of that property or of the property coming to the association,
 - iii. Public interest; or
 - The affairs of the association are being run fraudulently.
2. The trustees shall be suspended by an order of Court upon the petition of the Commission or members consisting one-fifth of the association and the petitioners shall present all reasonable evidence or such evidence as requested by the Court in respect of the petition.

The above process or procedure for the suspension of incorporated trustees is to be initiated by either the Commission or one-fifth of the association's members via a petition to the Court and must be supported by reasonable evidence. However, in examining the said petition, the court must exercise its jurisdiction judiciously and judicially. Where upon a finding by the court, a trustee is to be suspended; the court may make the following orders:

1. Suspend any person/ employee/ officer of the association for not longer than 12 Months;

2. Appoint additional trustees for proper administration;
3. Order persons holding property on behalf of the association, not to part with it without the approval of the court;
4. Vest an association's property to an official custodian;
5. Restrict the association from engaging in transactions and making payments without the court's approval; and
6. Appointment of an interim manager to act as a Receiver and a Manager accordingly. Where, at any time after the Commission has made an enquiry into the affairs of the association, it is satisfied as to the matters mentioned above, and upon an order of the court, it may suspend or remove such trustees accordingly

This fear appears to be genuine as the suspension or removal of an association's trustees based on the Commission's reasonable belief as encapsulate in the new law may apparently derogate the constitutional provision of freedom of association. In this wise, the freedom of association includes an individual's right to tailor his business in furtherance of the freedom, in a way that best soothes him without interference from the whole world, especially where such a business is not in violation of any law for the time being in force. Forcing an interim management down the throat of incorporated trustees arguably is in contravention of this freedom. More particularly that the Constitution of the Federal Republic of Nigeria 1999 (as amended) is sacrosanct on this freedom.

Since section 839 promotes suspension of trustees and appointment of interim managers by the Commission, it then follows that the tenure of most trustees could be transient as they can be removed, replaced contrary, to the security of tenure or permanence in office which most trustees including General Overseer enjoyed before the enactment of the Act. This does not augur well for security of trustees' tenures. Since section 839 gives the Commission the power to suspend trustees and appoint interim manager(s) for the association, it is very much possible that a "misfit" or a "stranger" who is not grounded in the doctrinal teaching of a church or mosque could be appointed as interim manager(s) of a religious body/association thereby causing distortions in core values or sound spiritual teaching of an association as the section 839 does not defined the word 'Interim Manager(s)

Another area of great concern is the likelihood of the section to create a platform for political interference. This is because developing countries such as Nigeria are not free

from

overbearing political interferences, often contrary to the will of the people and against their welfare. This often times is not unconnected with corrupt practices, tribalism, nepotism, negative political godfathers, partisan politics et the exercise of the powers under Section 839 being made subject only to the approval of the Supervisory Minister, as a political appointee of t government raises grave concern.

Section 839(1) provides that the Commission may by order suspend the trustees of an association and appoint an interim manager or managers upon reasonable believe that there is misconduct or mismanagement or fraud or the need to protect the association's property. This subsection apparently confers the power of suspension on the commission as no mention of the 'court' is made.

In *Onochie v Odogwu*²¹⁰ the Supreme Court held that the word 'shall' is used to express a command of what is legally mandatory to be observed. It is therefore confusing what the intention of the Act regarding suspension of trustees is in this section, and therefore it is unclear on whose authority the suspension will be done. However, if we are to assume that pursuant to subsection (2), the Commission is to file a petition, where on the court will make the order of suspension, it is rather a duplicity of function for the Commission to make an order pursuant to an order the court has already made.

The most critical aspect of section 839.(3) which provides that 'upon the hearing of the petition and the appointment of the interim manager, the Court, with the assistance of the Commission, may make provision with respect to the functions to be performed by the interim manager or managers appointed by the order.' This provision is rather surprising since the Commission is a party to the proceeding and initiated the petition for the suspension. It is therefore awkward for the Commission to assist the court it can be regarded as an interested party. One thing that is clear here is that the court and the Commission are exercising concurrent jurisdiction on the same subject matter without any clear guidelines as to the limit of application of this power by both authorities. This is unhealthy as a collision may be inevitable. For example, in the United Kingdom where such powers are shared between the courts and the United Kingdom Charities Commission there are clear provisions on restrictions on the leaves no one in doubt that before the UK charities commission can exercise the power to suspend a trustee or an officer of a charity , a lot of weighty and balancing need to be done with a view to knowing if doing so will be

²¹⁰ [2006] 6 NWLR (Pt.975) 65

beneficial or detrimental to the public trust and confidence on a particular charity or the entire charity is not rubbished. This is good, in that a particular charity or charities to thrive in modern times a lot of thrust and integrity is required. If the impression is deliberately created that a wrong signal may have been sent to the donor's quarter and that may stifle charities of appropriate funds.

It is important to note that the United Kingdom's Charities Act, 2011²¹¹, shares a lot of similarities with Part F of CAMA, 2020. However, there are also a number of differences between the two legislations. The Charity Commissions (CC) in England is responsible for registering, encouraging and facilitating the better administration of Charities. The CC is empowered to remove any institution which it no longer considers as a charity and any charity that has ceased to exist.²¹² In the same vein, the Corporate Affairs Commission (CAC) in Nigeria also has the statutory power to dissolve a corporate body under Part F as analyzed above if the purpose for which it was formed had expired and it is unnecessary for it to continue to exist. This power is also exercisable by the Commission where all the aims and objects of the association have become illegal or otherwise contrary to public policy.²¹³ One of the similarities between both legislations is that under section 46 of the UK's CA, 2011, the Charity Commission (CC) in the United Kingdom has general power to institute inquiries with regard to charities or a particular charity or class of charities for any particular purposes.²¹⁴ Similarly, section 839(7) gives the Corporate Affairs Commission the power to conduct an enquiry into the affairs of the association. But it is not as elaborate and effective as the provisions enshrined in the UK's CA, 2011.

The provision of section 839(1) have led to some misgivings as to the purport of the laws, it has been contended that comparative reading and scrutiny of subsection (1) & (2) will disclose that while the court requires evidence, following a petition to suspend trustee the Corporate Affairs Commission simply requires the belief, desire and some other interest disguised as public interest to suspend trustees. The absolute and overriding discretion given to CAC and supervising members under the Act can be interpreted to mean that the power of CAC overrides that of court. An aggrieved member of an association do not need to go to court with a petition to suspend trustees, all

²¹¹ C.A, 2011, s. 1(1)(a)(b).

²¹² Ibid; S. 34

²¹³ Ibid; See also, *Bhadmus on Corporate Law Practice* (Chenglo Limited, Enugu, 2009) 539.

²¹⁴ See the UK's CA, 2011; S. 46(1)

they need to do is to lobby or appeal to the belief and desire of Registrar general or the supervising ministry²¹⁵.

Below are some of the major criticisms on the provision of section 839, which provides thus: that the Commission may by order suspend the trustees of an association and appoint an interim manager or managers upon reasonable believe that there is misconduct or mismanagement or fraud or the need to protect the association's property. This subsection apparently confers the power of suspension on the commission as no mention of the 'court' is made.

a) No Provision for Fair Hearing- The powers of the Commission to suspend is not checked by the need to ensure fair hearing at the commission's level to give room for explanations to be given by the trustees to be affected.

b) Absence of the Duration of Suspension-subsection (1) and (7) of section 839 which jointly provided for the suspension or removal of a trustee never made any provision for the duration of the suspension period. It is argued that stating the suspension period or process that will determine the duration of suspension is necessary.

c) Who Determines the Functions of the Interim Managers- Section 839 of the Act seems to confer concurrent powers on both the court and the Commission in determining the powers and duties of the interim managers without necessarily delineating the circumstances in which it could be done by these authorities.

d) Transfer of Funds in Dormant Accounts- Section 842 of the Act the Act obligates banks to notify the Corporate Affairs Commission where the account of NGOs or Non-Profit organizations is dormant, the provision of this section appears attractive and well-thought-out, as its aimed at curtailing any form of mismanagement of financial resources of an association and it is also targeted at ensuring that dormant monies belonging to an association are put to proper use. However, dormancy should be interpreted in situations where there is no transaction whatsoever in the account of the association.

1.6 CONCLUSION

The enactment of CAMA 2020, have been hailed as a step in the right direction especially in the field of promotion of ease of doing business in Nigeria, the innovations of the Act, no doubt is to put the Nigerian corporate governance

²¹⁵ Anayochukwu J.V

framework in conformity with international best practices as analyzed in the paper, however has some aspects which was not clearly thought out before they were included in the law which is another side of the coin, there are cries on huge arrogation of powers to regulatory bodies within the Act. The provision of section 839 on the aspect of vesting power on the Registrar –General of the Commission to suspend trustee of incorporated bodies and appoint interim managers is one of such troubling areas of the law which has been criticized for its over-reaching implications and many Corporate Associations and NGOs are already clamoring for its being expunged from the Act or amended few months after its passage into law. The paper found the provision to be an instrument designed to checkmate the financial activities of religious association with incorporated trustees by attaching a fastener of supervision to their purses, however, it must not offend any provision of the Nigerian constitution. The paper conclude cautiously that the fear of a takeover of the affairs of religious bodies or NGOs by CAC under CAMA 2020 is a mere speculation and unlikely to materialize as the section does not specifically mention any religious body or any particular religion but introduced some long overdue reforms as clearly analyzed. The aim is for the legal frame work to continue to promote and facilitate the ease of doing business in corporate enterprises, enhance competitiveness and stimulate investments in the country.

It is hoped that the innovations enshrined in the Act will also spur the Corporate Affairs Commission to efficiency and restore transparency as well as accountability of incorporated trustees registered in Nigeria. In this regard, the CAC has to be astute in regulating the operation and administration of incorporated trustees in Nigeria. Accountability is the essence of the Act and from its wordings, it is non-negotiable, the paper however recommend an amendment that will vest the exercise of such power solely on an independent body such as the court in order not to hamstrung the growth and development of incorporated trustees in Nigeria.