

## FINANCIAL STATEMENTS, AUDIT, ANNUAL RETURNS, DIVIDENDS AND PROFITS

SN	ITEM	CAMA 1990	CAMA 2020	Applicable Section
1	<b>Companies to keep accounting records</b>	<ul style="list-style-type: none"> <li>No provision for subsidiary companies of companies that deal in goods to maintain certain records.</li> <li>No provision for public companies to display their audited accounts on their websites</li> </ul>	<ul style="list-style-type: none"> <li>Requires the directors of parent companies that deal in sale of goods having subsidiary undertakings that do not deal in goods to take reasonable steps to ensure that the subsidiaries keep such accounting records as to enable the account of the parent company to be prepared in accordance with the requirements of the Act.</li> <li>Public companies are required to display audited accounts on their website.</li> </ul>	<p><b>Section 374 (4) &amp; (5)</b></p> <p><b>Section 374 (6)</b></p>
2	<b>Place, duration and form of records</b>	No provision on maintenance of electronic records of documents and registers.	Companies may, in addition to hard copies, keep electronic copies or register of any document or record it is required to maintain under the Act.	<b>Section 375 (3)</b>

SN	ITEM	CAMA 1990	CAMA 2020	Applicable Section
3	<b>Decriminalisation of non-compliance with provisions on keeping of accounting and other records</b>	Non-compliance with the requirements on keeping of accounting records was a criminal offence punishable with imprisonment of a term not exceeding 6 months	Non-compliance with the requirements of keeping of accounting records is now a mere offence liable to penalty as the CAC shall specify in its regulations.	<b>Section 376(3)</b>
4	<b>Directors' duty to prepare annual account</b>	No provision to include changes in equity.  No provision	<ul style="list-style-type: none"> <li>Accounting statements to be prepared by public companies must include a statement on changes in equity.</li> <li>Companies are required to include in the financial statements such other matters as may be required in accordance with the applicable accounting standards.</li> </ul>	<b>Section 377 (2)(h)</b>  <b>Section 377 (2)(l)</b>
5	<b>Form and Content of Individual financial statements</b>	Financial Statements were required to comply with the requirements of the CAMA and the accounting standards laid down in the Statements of Accounting Standards issued by the <b>Nigerian Accounting Standards Board</b>	Financial Statements are required to comply with the requirements of the CAMA 2020 and the accounting standards laid down in the statements of accounting standards issued by the <b>Financial Reporting Council of Nigeria.</b>	<b>Section 378 (1)</b>
6	<b>Definition of Balance Sheet Total and</b>	No provision	<ul style="list-style-type: none"> <li>Defines Balance Sheet total as aggregate amount shown in company's balance sheet.</li> </ul>	<b>Section 394 (3)</b>

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	<b>determination of number of employees</b>	No provision	<ul style="list-style-type: none"> <li>• Number of employees is the average number of persons employed by the company in that year.</li> </ul>	<b>Section 394 (5)</b>
<b>7</b>	<b>Exemption from audit requirement</b>	No provision	<ul style="list-style-type: none"> <li>• A company is exempt from preparing audited financial statements if:               <ul style="list-style-type: none"> <li>a. It has not carried on business since incorporation</li> <li>b. It is a small company as defined in section 394</li> </ul> </li> <li>• The following companies are not entitled to exemption Insurance companies; Banks, or any company as may be prescribed by the Commission</li> </ul>	<b>Section 402 (1)</b>         <b>Section 402 (2)</b>
<b>8</b>	<b>Composition of the audit committee</b>	<p>Maximum of six members comprising equal number of directors and representatives of the shareholders of the company</p> <p>No requirement for membership of professional accounting body</p>	<ul style="list-style-type: none"> <li>• Five members comprising two non-executive directors and three representatives of the shareholders of the company.</li> <li>• All members shall be financially literate and at least one member must be a member of a professional accounting body established by an act of the National Assembly</li> </ul>	<b>Section 404 (3)</b>         <b>Section 404 (5)</b>

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9	<b>Invalidation of audit committee nomination not received 21 days prior to an AGM</b>	Did not invalidate nominations received after 21 days	Emphasises the fact that nominations for election into the audit committee at annual general meeting must be received 21 days before the meeting and any nomination not received prior to the meeting is invalid	<b>Section 404 (6)</b>
10	<b>Corporate responsibility for financial reports</b>	No provision	<p>The CEO and CFO are required to certify in each financial statements that:</p> <ul style="list-style-type: none"> <li>• The officer who signed the financial statements has reviewed them and based on his knowledge <ul style="list-style-type: none"> <li>i. affirm that the statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;</li> <li>ii. the audited financial statements and all other financial information fairly present in all material respect the financial condition of the company;</li> </ul> </li> <li>• The officer who signed is responsible for establishing and maintaining internal controls, has designed such internal controls to ensure that material information is made known to him, has evaluated the effectiveness</li> </ul>	<b>Section 405</b>

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			<p>of the company's internal control within 90 days prior to the date of the audited financial statements and certifies that the internal control measures are effective;</p> <ul style="list-style-type: none"> <li>• The officer disclosed to the auditors and audit committee all significant deficiencies in the company's internal control and whether there is any fraud that involved management or other employees with significant role in the company's internal control; and</li> <li>• The officer has indicated in the report if there were significant changes in internal control or other factors which could significantly affect internal controls subsequent to the date of his evaluation as well as corrective actions with regard to significant deficiencies</li> </ul>	
11	<b>Improper influence on conduct of audit</b>	No provision	<ul style="list-style-type: none"> <li>• It is an offence for any officer, insider, director or any other person to take action to influence, coerce, manipulate or mislead any external auditor engaged in the performance of audit for the purpose of rendering such financial statements misleading.</li> </ul>	<b>Section 406</b>

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			Insider is as defined under the Investment and Securities Act.	
12	<b>Decriminalisation of providing false statements to Auditors</b>	It was a criminal offence, punishable with one year imprisonment or a fine or to both, to knowingly or recklessly make a statement, convey any information or explanation either orally or in writing, which is misleading, false or deceptive	<ul style="list-style-type: none"> <li>A person who provides false statements to the auditors is liable only to a penalty as the CAC shall specify in its regulations.</li> </ul>	<b>Section 416</b>
13	<b>Exemption from filing annual returns</b>	No specific provision	<p>Companies with only one member are exempted from filing annual returns.</p> <p><b>Note:</b> CAC Operations Checklist provides that annual return shall be filed within 14 days, contrary to the 42 days provided for by both the old and new CAMA.</p>	<b>Section 421 (2)</b>
14	<b>Documents to be annexed to annual return</b>	No provision	Any document required to be annexed to an annual return may be delivered in hard copy or via electronic communication.	<b>Section 422</b>
15	<b>Consequence of failure to file annual returns</b>	No provision	Failure to file annual returns for a consecutive period of 10 years is a ground for striking-off the name of a company from the companies' register	<b>Section 425 (3)</b>

SN	ITEM	CAMA 1990	CAMA 2020	Applicable Section
16	<b>Distributable profit</b>	The company may pay dividends out (a) profits arising from the use of the company's property although it is a wasting asset; revenue reserves; and net realised profits on assets sold	It redefined distributable profit to mean a company's accumulated, realized profits (so far as not previously utilized by distribution or capitalization), less its accumulated losses (so far as not previously written off in a lawfully made reduction or reorganization of capital).	<b>Section 427</b>
17	<b>Unclaimed dividend</b>	No provision for publishing list of unclaimed dividend in national newspapers in addition to sending the list with the notice of the next annual general meeting to the members.  No provision	<ul style="list-style-type: none"> <li>• The company shall publish the list of unclaimed dividend in two national newspapers and attach the list as published to the notice of the next annual general meeting to the members.</li> <li>• Dividends that are unclaimed after 12 years could be included in the profits that should be distributed to the other shareholders of the company.</li> </ul>	<b>Section 429</b>  <b>Section 432 (2)</b>
<b>General Note</b>		<b>Penalties:</b> The new CAMA did not replicate the amount of the penalties payable under the old CAMA but provides in all the sections that penalties shall be determined by the Commission.		