### Definition of a small company

A company qualifies as a small company in a year if for that year the following conditions are satisfied:

1. **it is a private company having a share capital**;
2. **the amount of its turnover for that year is not more than N2 million or such amount as may be fixed by the Commission**;
3. **its net assets value is not more than N1 million or such amount as may be fixed by the Commission**;
4. **none of its members is an alien**;
5. **none of its members is a government, government corporation or agency or its employees**;

A company qualifies as a small company if it meets the following requirements:

1. **it is a private company**;
2. **its turnover is not more than N120 million or such amount as may be fixed by the Commission from time to time**;
3. **its net assets value is not more than N60 million or such amount as may be fixed by the Commission from time to time**;
4. **none of its members is an alien**;
5. **none of its members is a government, government corporation or agency or its employees**.

**APPLICABLE SECTION**: Section 394
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<td>(e) none of its members is a government or a government corporation or agency or its nominee; and</td>
<td>(f) in the case of a company having share capital, the directors between themselves hold at least 51% of its equity share capital.</td>
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<td>(f) the directors between them hold not less than 51% of its equity share capital.</td>
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<td>2.</td>
<td>Annual General Meeting (&quot;AGM&quot;)</td>
<td>All companies must hold AGMs.</td>
<td>Small companies or companies having a single shareholder are not obligated to hold AGMs.</td>
<td>Section 237</td>
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| 3.  | Place of meeting | • All companies must hold their AGMs in Nigeria.  
• Virtual AGMs were not recognised. | • Except for small companies and companies with single shareholders, all statutory meetings and AGMs must be held in Nigeria  
• Private companies may hold virtual general meetings, provided that such meetings are conducted in accordance with the articles of the company. | Section 240 |
<p>| 4.  | Quorum for general meetings | The provision on quorum applied to all companies. | The statutory provision on quorum does not apply to companies with one member. | Section 256 |</p>
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<td>5.</td>
<td>Minutes of general meetings of single-member companies</td>
<td>No specific provision.</td>
<td>Where a member in a single-member company makes a decision, that has the effect of a resolution passed at a general meeting, such member must provide the Board of Directors with details of such decision. The single member shall commit an offence liable to daily penalty if he fails to provide the Board of Directors with details of such decision as stated above.</td>
<td>Section 266 (4)</td>
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<td>6.</td>
<td>Ordinary business</td>
<td>Defined ordinary business as declaration of dividend, presentation of the financial statements and the reports of the directors and auditors, election of directors in place of those retiring, appointment and fixing the remuneration of auditors and appointment of members of the audit committee.</td>
<td>Disclosure of the remuneration of managers is now included in the ordinary business of an AGM.</td>
<td>Section 238</td>
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<td>7.</td>
<td>Service of Notice</td>
<td>Only personal service or service by post was recognised.</td>
<td>Service of notice by electronic email is recognised in addition to personal service or by post.</td>
<td>Section 244 (3)</td>
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<td>8.</td>
<td>Number of directors for small company</td>
<td>No specific provision.</td>
<td>A small company may have one director.</td>
<td>Section 271</td>
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<td>9.</td>
<td>Chairman of public companies to be separate from CEO</td>
<td>No specific provision.</td>
<td>The chairman of a public company shall not act as the chief executive officer of such company.</td>
<td>Section 265 (6)</td>
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<td>10.</td>
<td>Requirement to have a secretary</td>
<td>All companies must have a company secretary.</td>
<td>Small companies are not required to have a company secretary.</td>
<td>Section 330</td>
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<td>11.</td>
<td>Disclosure of capacity by shareholder</td>
<td>No specific provision.</td>
<td>• Every person with significant control over a company shall, within seven days of becoming such a person, indicate to the company in writing the particulars of such control. The interpretation section of the Act defines person with significant control to mean any person: (a) directly or indirectly holding at least 5% of the shares or interest in a company or limited liability partnership; (b) directly or indirectly holding at least 5% of</td>
<td>Section 119</td>
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<td>the voting rights in a company or limited liability partnership;</td>
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<td>(c) directly or indirectly holding the right to appoint or remove a majority of the directors or partners in a company or limited liability partnership;</td>
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<td>(d) otherwise having the right to exercise or actually exercising significant influence or control over a company or limited liability partnership; or</td>
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<td>(e) having the right to exercise, or actually exercising significant influence or control over the activities of a trust or firm whether or not it is a legal entity but would itself satisfy any of the first four conditions if it were an individual.</td>
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<td>- The company shall notify the CAC within one month after receiving or coming into possession of the information on persons with significant controls.</td>
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<td>12.</td>
<td>Definition of substantial shareholder in public company</td>
<td>Defined a substantial shareholder of a public company as a person that holds by himself or through his nominees 10% of the unrestricted voting rights at general meetings.</td>
<td>Defined a substantial shareholder of a public company as a person that holds by himself or through his nominees 5% of the unrestricted voting rights at general meetings.</td>
<td>Section 120</td>
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<td>13.</td>
<td>Requirements to disclose remuneration of managers</td>
<td>No specific provision.</td>
<td>The compensation of managers of a company shall be disclosed to members of the company at the annual general meeting.</td>
<td>Section 257</td>
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<td>14.</td>
<td>Independent directors in public companies</td>
<td>No specific provision.</td>
<td>Public companies shall have at least three independent directors. Independent director means a director of the company who, or whose relatives either separately or together with him or each other, during the two years preceding the time in question: (a) was not an employee of the</td>
<td>Section 275</td>
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<td>(b) did not –</td>
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<td>(i) make to or receive from the company payments of more than ₦20 million or</td>
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<td>(ii) own more than a 30% share or other ownership interest, directly or indirectly, in an entity that made to or received from the company payments of more than ₦20 million or act as a partner, director or officer of a partnership or company that made to or received from the company payments of more than ₦20 million</td>
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<td>(c) did not own directly or indirectly more than 30% of the shares of any type or class of the company</td>
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<td>(d) was not engaged directly or indirectly as an auditor for the</td>
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<td>15.</td>
<td>Multiple directorships</td>
<td>No limit on multiple directorships as long as it did not derogate from directors’ fiduciary duties to each company.</td>
<td>A person shall not be a director in more than five (5) public companies. Any person who is currently a director in more than five (5) public companies shall, within two years from the date of the Act, resign as a director of all but five (5) of the companies.</td>
<td>Section 307</td>
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| 16. | Substantial property transactions involving directors, controlling members, etc. | • A company shall not enter into an arrangement where it is to acquire one or more non-cash assets of the requisite value from a director of the company or its holding company, or a person connected with such a director and vice versa.  
• Defined non-cash asset to be of requisite value if its value exceeded ₦100,000 or 20% of the company’s assets at the time of the transaction. | • A company shall not enter into an arrangement where it is to acquire one or more non-cash assets of the requisite value from a director or controlling member of a company or its holding company, or a person connected with such a director or controlling member, and vice versa.  
• Non-cash assets of the requisite value would be prescribed by CAC regulations.  
• A controlling member of a company is a person who, either alone or in an understanding with other | Section 310 |
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<td>persons, has more than 50% of the voting power to elect or remove directors of the company.</td>
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<td>17.</td>
<td>Register of directors’ residential address</td>
<td>No specific provision.</td>
<td>Every company shall keep a register of directors’ residential address which shall contain the usual residential address of each director of the company.</td>
<td>Section 320</td>
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<td>18.</td>
<td>Protected information</td>
<td>No specific provision.</td>
<td>Directors’ information, particularly information on residential addresses are offered special protection and may only be used for the purpose of communicating with the directors or in compliance with the provisions of the Act. The CAC may only put the directors’ addresses on public records where it has failed to establish communication with the directors.</td>
<td>Sections 323-329</td>
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<td>19.</td>
<td>Notification to the CAC of changes to particulars of secretary.</td>
<td>No requirement for a letter of consent from a new secretary.</td>
<td>Where a new secretary is being appointed, a letter of consent of the new secretary must accompany the notification to the CAC.</td>
<td>Section 339</td>
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<td>20.</td>
<td>Companies’ common Seal</td>
<td>Companies shall have common seals.</td>
<td>Gives companies the flexibility of having common seals. Where a company decides to have a</td>
<td>Section 98</td>
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<td>common seal, the <strong>design</strong> and use shall be regulated by the company’s articles.</td>
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<td>21.</td>
<td>Alternative to sealing</td>
<td>No specific provision.</td>
<td>Any document required by law to be executed under the common seal of a company, or provides for consequences for not sealing, would be deemed to have satisfied the provisions of the law if the document is signed in the manner set out in Act.</td>
<td>Section 103</td>
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<td>22.</td>
<td>Authentication of documents</td>
<td>Electronic signature was not recognised.</td>
<td>Documents requiring authentication by a company need not be signed as a deed unless as required by the Act. An electronic signature is deemed to satisfy the requirements of signing of documents requiring authentication by the Company.</td>
<td>Section 101</td>
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| 23. | Execution of deeds by a company | No specific provision. | • A document is validly executed by a company as a deed if it is duly executed by the company and it is delivered as a deed.  
• A company may execute a document as a deed without affixing a common seal on the document. A deed is duly | Section 102 |
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<td>executed by the company if signed by:</td>
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<td></td>
<td>i. a director and a secretary; or</td>
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<td>ii. at least two directors; or</td>
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<td>iii. a director in the presence of at least one witness who shall attest the signature.</td>
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<td>24.</td>
<td>Additional qualification of auditors</td>
<td>Disqualified the following people from acting as auditors of a company;</td>
<td>Expanded the list of persons disqualified for appointment as auditors of a company to include:</td>
<td>Section 403 (4)</td>
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<td>(a) an officer or servant of the company;</td>
<td>(a) a debtor to the company or to a company that is deemed to be related to the company by virtue of interest in shares, in an amount exceeding ₦500,000;</td>
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<td>(b) a partner of or an employee of an officer or servant of the company;</td>
<td>(b) a shareholder or spouse of a shareholder of a company whose employee is an officer of the company;</td>
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<td>(c) a body corporate;</td>
<td>(c) a person who is or whose partner, employee or employer</td>
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<td>(d) a person disqualified for appointment as auditor of any subsidiary, holding company or subsidiary of a holding company of a body</td>
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<td>corporate.</td>
<td>is responsible for the keeping of the register of holders of debentures of the company; (d) an employee of or consultant to the company who has been engaged for more than one year in the maintenance of any of the company’s financial records or preparation of any of its financial statements.</td>
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<td>25.</td>
<td>Procedure for major asset transaction</td>
<td>No specific provision.</td>
<td>A procedure has been put in place for companies to follow in undertaking a “major asset transaction.” A major asset transaction means a transaction or related series of transactions which includes: (a) purchase or other acquisition outside the usual course of the company’s business; and (b) sale or other transfer outside the usual course of the company’s business, of the company’s property or other rights the value of which, on the date of the company’s</td>
<td>Section 342</td>
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<td>decision to complete the transaction, is 50% or more of the book value of the company’s assets based on the company’s most recently compiled balance sheet.</td>
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