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Client Alert

Court of Appeal Affirms Right of Pre-CAMA 2020 Private Companies to Operate with a Single Shareholder

Introduction

On 30 July 2024, the Federal High Court delivered a landmark judgment holding that the single-shareholder structure introduced under the Companies and Allied Matters Act, 2020 ("CAMA 2020") is available to all private companies, including those incorporated prior to the enactment of CAMA 2020. We previously examined the implications of that decision in our client alert titled "[Judicial Intervention – Permissibility of Single Shareholder Structure for Companies Incorporated Pre-Enactment of the CAMA 2020.](#)"

As anticipated in that publication, the Corporate Affairs Commission ("CAC") appealed the decision of the Federal High Court. On 10 June 2026, the Court of Appeal delivered its judgment, unanimously dismissing the appeal and affirming the decision of the lower court. The judgment provides much-needed certainty on the interpretation of section 18(2) of CAMA 2020 and confirms that private companies incorporated before the enactment of CAMA 2020 may lawfully operate with a sole shareholder.

Background to the Dispute

One of the notable innovations introduced by CAMA 2020 was the removal of the mandatory two-shareholder requirement for private companies. Section 18(2) of CAMA 2020 expressly permits the incorporation of a private company by a single shareholder.

Despite this statutory reform, the CAC adopted the position that the provision applied only to companies incorporated under CAMA 2020 and not to companies incorporated under the repealed

Companies and Allied Matters Act, 1990 ("CAMA 1990"), which required a minimum of two shareholders. Consequently, the CAC declined to register share transfers and other post-incorporation changes that would result in pre-CAMA 2020 private companies having only one shareholder.

This restrictive interpretation was challenged in *Primetech Design and Engineering Nigeria Limited & Julius Berger Nigeria Plc v. Corporate Affairs Commission*. In its judgment delivered on 30 July 2024, the Federal High Court held, among other things, that the provisions of CAMA 2020 permitting a single-shareholder structure apply to all private companies, irrespective of whether they were incorporated before or after the enactment of CAMA 2020.

The Court of Appeal's Decision

Dissatisfied with the decision of the Federal High Court, the CAC appealed to the Court of Appeal, maintaining its position that the single-shareholder regime introduced by CAMA 2020 applies only to companies incorporated under that legislation and that companies incorporated under CAMA 1990 must continue to maintain a minimum of two shareholders.

The Court of Appeal rejected the CAC's arguments and dismissed the appeal in its entirety. In affirming the decision of the Federal High Court, the Court held that section 18(2) of CAMA 2020 applies to all private companies, regardless of the date of incorporation. The Court found no basis for drawing a distinction between companies incorporated before and after the commencement of CAMA 2020.

The practical effect of the judgment is that private companies incorporated under CAMA 1990 are no longer required to maintain a minimum of two shareholders and may lawfully undertake shareholding restructurings that result in a sole shareholder structure.

Key Implications and Next Steps

The Court of Appeal's decision resolves the uncertainty that has surrounded the application of section 18(2) of CAMA 2020 to private companies incorporated before the enactment of the legislation. It confirms that such companies may validly operate with a single shareholder and are entitled to enjoy the same flexibility afforded to companies incorporated under CAMA 2020.

The decision is also consistent with the broader objectives of Nigeria's corporate law reforms, which seek to simplify business operations, reduce administrative burdens, and improve the ease of doing business in Nigeria. By removing an artificial distinction between pre- and post-CAMA 2020 companies, the Court has reinforced the intent of the legislation and enhanced legal certainty for investors and businesses alike.

Although the CAC retains the right to further appeal the decision to the Supreme Court, the judgment of the Court of Appeal represents the current and binding legal position. Accordingly, unless and until the decision is overturned by the Supreme Court, private companies incorporated before the enactment of CAMA 2020 are entitled to transition to a single-shareholder structure, and the CAC is required to process and approve filings, including share transfer filings that result in such companies having a sole shareholder.

Businesses that have previously been unable to implement ownership restructurings because of the CAC's position may now revisit those transactions and take advantage of the flexibility confirmed by the Court of Appeal's decision.

If you require any further clarification, do not hesitate to contact us.