

**A BILL**

**FOR**

**AN ACT TO AMEND THE COMPANIES AND ALLIED MATTERS ACT CAP. C20  
LAWS OF THE FEDERATION OF NIGERIA, 2004, TO ENABLE COMPANIES  
ESTABLISHED UNDER COMPANIES AND ALLIED MATTERS ACT AND  
REGISTRARS LICENSED BY SECURITY AND EXCHANGE COMMISSION, TO  
TRANSFER UNCLAIMED DIVIDENDS TO SECURITY INTERVENTION  
PROGRAMME WHICH CAN BE USED TO INTERVENE IN COMBATING  
SECURITY CHALLENGES IN NIGERIA AND FOR RELATED MATTERS**

*Sponsored by Hon. Francis E. Waive*

Commencement

**BE IT ENACTED by the National Assembly of the Federal  
Republic of Nigeria as follows:**

1 **1. The Companies and Allied Matters Act Cap. C20 Laws of the**  
2 **Federation of Nigeria, 004, (in this bill referred to as "the Principal Act") is**  
3 **amended as set out in this Bill.**

Amendment of  
the Principal Act

4 **2. Section 382 of the Principal Act is amended by substituting the**  
5 **existing subsection (2) for new subsection (2):**

Substitution of  
the section 382(2)  
of the Principal  
Act

6 **"After the expiration of three years of the notice mentioned in**  
7 **subsection (1) of this section, the Company or the Registrar managing the**  
8 **unclaimed dividend shall transfer the total sum to institution responsible for**  
9 **security intervention programme".**

10 **3. This Bill may be cited as the Companies and Allied Matters Act**  
11 **(Amendment) Bill, 2021.**

Citation

## 1 PART XIII

2 *Dividends and profits*

3 379. Declaration of dividends and payment of interim dividend:

4 (1) A company may, in general meeting, declare dividends in respect  
5 of any year or other period only on the recommendation of the directors,6 (2) The company may from time to time pay to the members such  
7 interim dividends as appear to the directors to be justified by the profits of the  
8 company.9 (3) The general meeting shall have power to decrease the amount of  
10 dividend recommended by the directors, but shall have no power to increase  
11 the recommended amount.12 (4) Where the recommendation of the directors of a company with  
13 respect to the declaration of a dividend is varied in accordance with subsection  
14 (3) of this section by the company in general meeting, a statement to that effect  
15 shall be included in the relevant annual return.16 (5) Subject to the provisions of this Act, dividends shall be payable to  
17 the shareholders only out of the distributable profits of the company.

18 380. Distributable profits:

19 Subject to the company being able to pay its debts as they fall due, the company  
20 may pay dividends out of the following profits:21 (a) profits arising from the use of the company's property although it  
22 is a wasting asset;

23 (b) revenue reserves;

24 (c) realised profit on a fixed asset sold, but where more than one asset  
25 is sold, the net realised profit on the assets sold.

26 381. Restriction on declaration and payment of dividends:

27 A company shall not declare or pay dividend if there are reasonable grounds for  
28 believing that the company is or would be, after the payment, unable to pay its  
29 liabilities as they become due.

30 382. Unclaimed dividends:

1 (1) Where dividends are returned to the company unclaimed, the  
2 company shall send a list of the names of the persons entitled with the notice  
3 of the next annual general meeting to the members.

4 (2) After the expiration of three months of the notice mentioned in  
5 subsection (1) of this section, the company may invest the unclaimed  
6 dividend for its own benefit in an investment outside the company and no  
7 interest accrue on the dividends against the company.

8 (3) Where dividends have been sent to members and there is an  
9 omission to send to some members due to the fault of the company, the  
10 dividends shall earn interest at the current bank rate from three months after  
11 the date on which they ought to have been posted.

12 (4) For the purpose of liability, the date of posting the dividend  
13 warrant shall be deemed to be the date of payment and proof of whether it  
14 has been sent is a question of fact.

15 383. Reserve and capitalisation:

16 (1) The directors may, before recommending any dividend, set  
17 aside out of the profits of the company such sums as they think proper as a  
18 reserve or reserves which shall, at the discretion of the directors, ~~be~~  
19 applicable for any purpose to which the profits of the company may be  
20 properly applied and pending such application may, at the like discretion,  
21 either be employed in the business of the company or be invested in such  
22 investments (other than shares of the company) as the directors may from  
23 time to time think fit; and the directors may also, without placing the same to  
24 reserve, carry forward any profits which they may think prudent not to  
25 distribute.

26 (2) The company in general meeting may upon the  
27 recommendation of the directors resolve that it is desirable to capitalise any  
28 part of the amount for the time being standing to the credit of any of the  
29 company's reserve accounts or to the credit of the profit and loss account or  
30 otherwise available for-distribution.

1 (3) Such sum may be set free for distribution among the members who  
2 would have been entitled to dividends in the same proportions on condition that  
3 the same be not paid in cash but be applied either on or towards paying up any  
4 amounts for the time being unpaid on any shares held by such members  
5 respectively or paying up in full unissued shares or debentures of the company  
6 to be allotted and distributed to creditors as fully paid up.

7 (4) The company may decide by a resolution what part is to be  
8 distributed in cash or in shares and the directors shall give effect to such  
9 resolution.

10 (5) Share premium account and a capital redemption reserve fund  
11 may, for the purposes of this subsection only be applied in the paying up of  
12 unissued shares to be issued to members of the company as fully paid bonus  
13 shares.

14 (6) Where a resolution is under subsections (2) to (5) of this section  
15 passed, the directors shall make all appropriations and applications of the  
16 undivided profits resolved to be capitalised thereby, and all allotments and  
17 issues of fully-paid shares or debentures, if any, and generally do all acts and  
18 things required to give effect to it.

19 (7) The directors shall have power to make such provision by the issue  
20 of fractional certificates or by payment in cash or otherwise as they think fit in  
21 the case of shares' or debentures becoming distributable in fractions.

22 (8) Any person may be authorised by the directors to enter on behalf of  
23 all the members entitled under this section into an agreement with the company  
24 to provide for the allotment to them respectively, credited as fully paid up, of  
25 any further shares or debentures to which they may be entitled upon such  
26 capitalisation, or (as the case may require) for the payment up by the company  
27 on their behalf, of the amounts or any part of the amounts remaining unpaid on  
28 their existing shares, and any agreement made under such authority shall be  
29 effective and binding on all such members.

## EXPLANATORY MEMORANDUM

This Bill seeks to amend the Companies and Allied Matters Act Cap. C20 Laws of the Federation of Nigeria, 2004, to enable companies established under companies and Allied Matters Act and Registrars licensed by Security and Exchange Commission, to transfer unclaimed dividends to security intervention programme which can be used to intervene in combating security issues in Nigeria.

