ONE PERSON COMPANY UNDER THE COMPANIES AND ALLIED MATTERS ACT 2020: A STEP IN WHICH DIRECTION?*

Abstract

The Companies and Allied Matters Act (CAMA) 2020 has introduced groundbreaking reforms to Nigerian's corporate legal landscape, including the recognition of One Person Company. Characterized by a single shareholder, director and member, One Person Company offers unparalleled flexibility and management simplicity, making it an attractive option for sole entrepreneurs and small business owners. Using doctrinal research methodology, this paper examined the One Person Company concept under CAMA 2020, exploring its features, benefits and challenges. Through a comprehensive analysis of the legal framework, this paper considered whether this innovation is a step forward or backward for Nigerian businesses and the economy. The findings revealed that One Person Company offers enhanced flexibility, simplicity and asset protection, but also present challenges, including the absence of a structured statutorily framework for One Person Company practice and procedure and a potential for abuse. To leverage the benefits of One Person Company, the researchers recommended the establishment of a comprehensive regulatory framework to govern One Person Company in Nigeria.

Keywords: One Person Company, CAMA, Direction, Business, Nigeria

1. Introduction

The Companies and Allied Matters Act[1] has introduced transformative reforms to Nigeria's corporate legal framework, ushering in innovative provisions designed to enhance business efficiency, flexibility and competitiveness. A notable highlight of these reforms is the introduction of the One Person Company concept, which permits a single individual to form and own a company. This groundbreaking development marks a significant shift towards more business-friendly corporate regulations, enabling individuals with innovative start-up ideas to leverage the benefits of separate legal personality. Historically, Nigerian law required a minimum of two persons to form a company.[2] However, the One Person Company concept paves the way for modern and dynamic legislation, facilitating growth and greater regulation of the corporate sector. As the name suggests, One Person Company consists of a single member, offering a new paradigm for entrepreneurship.[3] The One Person Company framework provides unique opportunities for individuals to establish organized businesses, accessing benefits of private limited companies, including credits, bank loans, limited liability, legal protection and market access, all under the umbrella of a separate legal entity.[4] The inclusion of One Person Company concept in CAMA, 2020 represents a historic milestone in Nigeria's legal landscape, encouraging the incorporation of micro businesses, individual entrepreneurship, and solo start-ups through a simplified legal regime. This move aims to alleviate the burden of complex legal compliance, empowering individual entrepreneurs to contribute to economic growth and generate employment opportunities. This paper therefore explores the One Person Company concept under CAMA 2020, examining its potential implications and challenges for Nigeria's businesses.

2. The Meaning of One Person Company

Although the CAMA 2020 introduced the concept of One Person Company, it failed to provide corresponding definition. Instead, it defines a private company, which includes One Person Company, as a company stated in its memorandum of association to be a private company.[5] The literal meaning of One Person Company connotes a company owned by one person.[6] Section 2(62) of the Indian Companies Act 2013 defines One Person Company as a company with only one person as its member. Shameema and Hetha argue that the One Person Company is a revolutionary concept, a hybrid of sole proprietorship and company forms of business. [7] One Person Company resembles a sole proprietorship but differs in that it offers the status and advantages of a company. This feature of One Person Company is seen as a means to harness the talent pipeline of developing global business people, particularly start-up ventures.[8] As a form of business organization, One Person Company is a private company,

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[1] Companies and Allied Matters Act 2020 (hereinafter referred to as CAMA)

[2] CAMA 1990, s 18 (1)

[3] C Sabarnee, 'One Person Company and Limited Liability on its Members' (2014) 3 *Company Law Journal*, 1.

[4] *Salomon v Salomon* & Co. Ltd. (1897) AC 22.

[5]CAMA, s 22(1); s.394 categorizes certain private companies as small companies for purposes of financial statements.

[6]B Miao, 'A Comparative Study of Legal Framework for Single Member', (2012) 5 (2) *Journal of Politics and Law* 312.

[7]V Shameema and P Hetha, 'One Person Company - An Ideal Approach for Transforming New Age Business', (2016) 5 (11) *Abhinav -International Monthly Refereed Journal Of Research in Management & Technology*, 1.

[8]See H Gesell and K V Hulle, *European Corporate Law* (Baden-Baden: Nomos, 2006) 3; T L Mary, 'Relevance of One Person Company', (2017) 2 (1) *International Journal of Trend in Scientific and Research Development*, 1317.

incorporated with an individual as its only member,[9] wholly owned by one person. According to Hakim, the owner's liability is limited to the allocated share capital[10] One Person Company is a private company, as evidenced by the register of members. The operative determinant of One Person Company status is not legal or beneficial ownership of shares, but rather the register of members. If the register contains only one name, the company is a One Person Company, regardless of the number of shareholders or legal persons beneficially entitled to shares. Perhaps, if the register of members lists more than one member, the company cannot be considered a One Person Company, even if all other members except one have died or been dissolved.[11] In *Randhawa & Anor v Turpin & Anor,* [12]the company's register of members listed two members, including Belvedere Estates Limited, which was dissolved in 1996 but remained on the register. The English Court of Appeal held that a non-existent person's name on the register must be treated as a member for statutory purposes, regardless of dissolution.[13]

3. Merits and Demerits of One Person Company

The introduction of One Person Company as a private company in Nigeria is undoubtedly a step towards promoting ease of doing business in the country. However, like any noble idea, it has its advantages and disadvantages. The primary motivation for shareholders to incorporate a One Person Company is the desire for limited liability.[14] By incorporating as a One Person Company, the business gains the benefits of a separate legal entity, including the capacity to enjoy legal rights and assume legal duties distinct from its members. This separation of identity enables the company to operate independently, making it an attractive option for sole proprietors and partners seeking to formalize their business.[15] Unlike sole proprietorships, where personal assets are at risk, in the event of business failure, a One Person Company ensures that the sole member's personal property is protected from business liabilities.[16] This protection is a significant advantage, as entrepreneurs cannot control unfortunate events in business. Securing personal assets is crucial if the business encounters difficulties. A One Person Company provides this security by limiting liability.

Furthermore, the company's status provides additional opportunities to raise capital due to its improved creditworthiness, broadening its financial foundation. As a corporation, a One Person Company offers the benefit of perpetual succession, ensuring that the business can continue operating even in the event of the owner's death or incapacity. This allows profitable business to persist, regardless of the owner's circumstances.[17] Thus, as a hybrid entity, One Person Company combines the benefits of sole proprietorship and limited liability companies, offering legal personality and perpetual succession. This unique structure enables the sole member to assume multiple roles, such as director, member, managing director and employee, without hindrance. The Privy Council's ruling in *Lee v Lees Air Farming Ltd*[18] supports this flexibility, establishing that a person can enter into contracts with the company in different capacities, recognizing the company and its members as separate legal entities.

Additionally, One Person Company offers increased privacy, as the sole shareholder's identity and business dealings remain confidential. Decision-making processes are streamlined, allowing for swift and efficient control by the sole shareholder. With fewer regulatory requirements, the compliance burden is significantly reduced. The formation and registration processes are straightforward and efficient, leading to lower administrative and compliance costs, which in turn reduce overhead expenses.

The sole shareholder maintains control over business operations and decision-making, enabling swift action and adaptability. Moreover, One Person Company finds it easier to secure loans from banks, as financial institutions prefer lending to companies over proprietary firms. In fact, banks often require entrepreneurs to convert their firms to Private Limited Companies before approving funds, making it advantageous to register as a One Person Private Limited Company from the outset.

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[9] CAMA, s 18 (2)

[10]D Hakim, 'One Person Company: A new Form of Companies Introduced in the Companies' Law No. 159 of 1981',<https://www.sadanykhalifa.com/en/single-blog/one-person-company-a-new-form-ofcompanies-introduced-in-the-companies39-law-no-159- of-1981>accessed 8 August 2024.

[11] *Randhawa & Anor v Turpin & Anor,* (2017) EWCA Civ. 1201.

[12] (2017) EWCA Civ. 1201.

[13] Ibid, paras 83 & 84.

[14]D Goyal, 'Advantages and Disadvantages of One Person Company', https://www.taxguru.com> accessed 8 August 2024.

[15]*Bauchi State Government & Ors v Arewa Ceramics Ltd & Ors* (2019) LCN/13074 (CA); *Companhia Brasileira De Infrastrututira v COBEC (Nig.) Ltd* (2004) 13 NWLR (pt 890) 376, 395.

[16]C E Halliday and G C Okara, The Efficacy of One Person Company Under the Companies and Allied Matters Act 2020: Lessons from Singapore and India' (2021) 7 (1) *UNIZIK Law Journal,* 134l.

[17]Z A Yun, 'Company with the Pros and Cons of Legislation', (2001) *China Daily*, June 3, p. 74; R B Cheffins, 'Using Theory to Study Law: A Company Law Perspective', (199) 58 (1) *The Cambridge Law Journal*, 99.

[18](1960) 3 All ER 420; B A Bukar, 'Expanding the Scope of Business Activities under the Companies and Allied Matters Act: One- Person Companies and Partnerships in Focus', (2021) 8 (1) *NAU.JCPL*, 16.

A One Person Company boasts a straightforward structure regarding board composition and management. With only one director, decision making is unhindered by the need for approval from others or the requirement to form a quorum. Additionally, the company is exempted from holding annual or extraordinary general meetings,[19] simplifying management and reducing administrative burdens. Instead, resolutions can be passed through written communication, signed and dated by the sole member.[20] As a small company, a One Person Company is also exempted from appointing auditors, as mandated in section 401(1) of CAMA. Furthermore, there is no requirement for a secretary or independent directors, and the company is not obligated to maintain a minutes book or register of secretaries.[21] These exemptions result in significant cost savings.

In terms of contract formation, a One Person Company is not mandated to have a common seal, allowing for alternative methods of document authentication.[22] This flexibility has simplified the process and reduced formalities, making it an alternative option for sole entrepreneurs and promoting a more inclusive business environment. However, as a private company, a One Person Company is restricted from soliciting public deposits or investments.[23] Moreover, the blurred lines between ownership and control have raised criticisms about the practice. The secrecy afforded to single shareholder in a One Person Company can also be exploited for illicit activities, such as money laundering. Despite this drawback, the benefits of a One Person Company far outweigh the drawbacks. Accordingly, Sachin, former Minister of Indian Corporate Affairs summed the advantages of One Person Company as follows:

> Small entrepreneurs can now set up 'one person companies' to directly access target markets rather than being forced to share their profits with middlemen... This would provide tremendous opportunities for millions of people, including those working in areas like handloom, handicrafts and pottery. They are working as artisans and weavers on their own, so they don't have the legal entity as a company. But the OPC would help them do business as an enterprise and give them an opportunity to start their own ventures with a formal business structure.[24]

4. One Person Company under CAMA 2020

CAMA is the principal legislation governing the formation and operation of business entities, as well as non-business entities in Nigeria. To promote ease of doing business and adapt to new realities, section 18 of CAMA now permits a single individual to form and incorporate a company, unlike the previous requirement of a minimum of two persons.[25] This makes it statutorily possible for one person to incorporate and own private companies in Nigeria.

Formation of One Person Company

One Person Company being a private Company is subject to the same formation requirements as other private companies. The CAMA 2020 permits a single individual to form and incorporate a private company, provided they meet certain criteria.[26] The logical consequence of this development is that many individuals who were previously deterred by the requirement of two or more people coming together to register a company will now be encouraged to incorporate, as the burden has been lifted. This change is expected to lead to an increase in company registrations and promote entrepreneurship in Nigeria. This provision applies to both Nigerian citizens and foreigners. However, foreigners[27] must also comply with relevant laws, such as immigration and investment promotion laws, governing their entry, residence and business activities in Nigeria.[28]. To incorporate a One Person Private Company in Nigeria, entrepreneurs must comply with the requirements of CAMA relating to private companies. After incorporation, all formalities and compliance provisions of CAMA applicable to private companies limited to shares formed by two or more people also apply to One Person Company, unless specifically excluded.

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[19]CAMA, s 237.
[20] *Ibid*, s 259.
[21] One Person Companies that are small companies are exempted from having a secretary. S 330 CAMA
[22] CAMA, s 98.
[23] *Ibid*, s 22 (5) (b).
[24]J Aashna, 'An Expository Analysis of One Person Company Concept: Is it an Arrow Shot in the Dark or Is it Serving its Purpose?' <http://lexquest.in/expository-analysis-one-person-company-concept-arrowshot-dark-serving-purpose> accessed 10 August, 2024.
[25]CAMA, s 18(2) states that 'one person may form and incorporate a private company by complying with the requirements of this Act in respect of private companies'.
[26]CAMA, s 18(2) The individual must be solvent, mentally sound, as least 18 years old, not disqualified under CAMA from being a director of a company. See s 20 CAMA.
[27]Individuals or companies
[28]CAMA, s 20(4).

Exemptions of One Person Company

One Person Companies are subject to many of the same regulations as other companies; however, CAMA provides certain exemptions to encourage innovation and reduce bureaucratic hurdles. These exemptions aim to facilitate the growth and development of One Person Company, enabling it to thrive in Nigeria's business landscape. Thus, CAMA mandates that every company, except for 'small companies,[29]' must have at least two directors[30] and a secretary.[31] However, One Person Company that qualifies as small companies are exempted from this requirement. In such cases, the sole member can serve as the general meeting, board of directors and secretary for all purposes under the CAMA, eliminating the need for additional officers and associated costs. Conversely, for One Person Companies that do not qualify as small companies, the requirement to have two directors and a secretary would be impossible. It would be absurd and costly for a company with only one member to appoint and pay two directors and a secretary. Notably, the CAMA permits One Person Company to have a single director, provided their annual turnover does not exceed N120 million and their net asset value does not exceedN60 million. [32]The provision acknowledges the unique nature of One Person Company and offers a practical exception to the general rule. As a One Person Company, the sole shareholder is not required to hold annual general meetings,[33] a typical requirement for companies. This exemption is granted because the sole shareholder is the sole decision-maker, eliminating the need for a platform to review financial performance, vote on resolutions, or elect directors and auditors.

In a One Person Company, the sole shareholder can make decisions without the need for a formal meeting, streamlining the decision-making process. This exemption is specifically provided for under section 237(1) of CAMA thus:

> Except in the case of a small company or any company having a single shareholder, every company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting of a company and the next.

The provision in section 237(1) CAMA clarifies the distinction between a small company and a One Person Company by exempting them from holding general meetings. This exemption is reiterated in section 240(1) CAMA, which states: "With the exception of small companies and companies having a single shareholder, all statutory and annual general meetings shall be held in Nigeria". However, section 240(2) CAMA allows companies to hold general meetings electronically, provided they comply with the company's articles. Regarding the resolution process for Small and One Person Company, section 259 CAMA provides: 'All resolutions shall be passed at general meetings and are not effective unless so passed, but in the case of a private company a written resolution signed by all the members entitled to attend and vote is as valid and effective as if passed in a general meeting'. This provision raises a question: how does this apply to a One Person Company, which is a private company with only one member? The language "signed by all the members entitled to attend and vote" is unclear in the context of One Person Company. To address this, a more specific provision or interpretation is needed to ensure clarity in the resolution process for One Person Companies.

Moreover, as a One Person Company operating as a small company under section 394 CAMA, the requirement to file financial statement is simplified. Only modified financial statements are required,[34] exempting the company from filing a profit and loss account and balance sheet. Additionally, CAMA typically requires companies, except dormant and small companies, to appoint auditors to ensure the creditability of financial statements. However, for One Person Company that qualifies as small companies, this requirement is waived.[35] The audit process is designed to mitigate the agency problem between shareholders and directors, but in a One Person company, this separation does not exist, making the audit process an unnecessary formality. By exempting One Person Company from audit requirements, the CAMA recognizes the unique nature of these entities and eliminates unnecessary costs, allowing them to focus on growth and development. This exemption is a significant advantage, particularly during the company's formative stages.

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[29]In this regard, the CAMA provides that a company qualifies as a small company in relation to its first financial year if, in that year: (a) it is a private company; (b) its turnover is not more than N120,000,000 ; (c) its net asset value is not more than N60,000,000; (d) none of its members is an alien; (e) none of its members is government or government-affiliated; and (f) the directors hold at least 51% of the equity share capital. See CAMA, s 394; Para. 19(3) Companies Regulations 2021.

[30]CAMA, s 271(1).

[31]*Ibid*, s 330(1).

[32] CAMA, s 394

[33] *Ibid*, s 237 (1).

[34] CAMA, s 396

[35]*Ibid*, s. 402 (1)

5. The Impact of One Person Company on Nigerian Businesses and Economy

The concept of One Person Company, although relatively new in the Nigerian Entrepreneurship sector, has a significant impact on businesses and the economy due to its progressive nature. The ease of incorporation with less compliance is the primary reason behind its projected success, making it an attractive option for foreign investors who can avoid dealing with multiple individuals and potential disparities. This simplicity encourages foreign investors to establish their own businesses in Nigeria by merging with a One Person Company, leading to an influx of foreign funds into the country. Furthermore, the straightforward ownership structure of One Person Company makes it easier to entrepreneurs to establish and manage businesses, promoting entrepreneurial spirit and the development of small medium enterprises in Nigeria. As the local business environment is highly populated by small medium enterprises, which contribute nearly 50% of the country's GDP and account for over 80% of employment, according to a 2021 survey by SMEDAN[36] and the Nigerian Bureau of Statistics,[37] the impact of One Person Company is substantial. In fact, small medium enterprises are considered the main engine of economic growth and a major factor in promoting private sector development, as noted by Udechukwu.[38] Moreover, Alile aptly described SMEs as the "backbone of the Nigerian economy,"[39] reinforcing the crucial role they play in driving economic growth and development. This sentiment is further underscored by the significant contributions of small medium enterprises to the country's GDP and employment rates, highlighting the importance of creating a conducive business environment that fosters their growth and success.

In addition to their role in promoting small and medium enterprises, One Person Company also have a profound impact on Nigerian businesses and the economy through their business facilitation features. As described by kaur, they "provide more flexibility with less compliance," [40] streamlining the process of setting up and running a business. This flexibility is complemented by increased privacy, protecting the identity and business dealings of the sole shareholder. Furthermore, One person Company have fewer regulatory requirements, reducing the compliance burden and associated costs and may benefit from tax advantages, such as reduced tax liabilities or simplified tax compliance. By promoting entrepreneurship, innovation and job creation, One Person Company can contribute substantially to Nigeria's economic growth, increase competition, drive innovation and better services and contribute to economic diversification by reducing dependence on traditional industries. Ultimately, they can also generate revenue for the government through taxes and fees, thereby supporting the country's economic development and reinforcing their importance in the Nigerian business landscape.

6. Challenges of One Person Company in Nigeria

The introduction of One Person Company in Nigeria, as provided for in CAMA 2020, has been widely acclaimed as a groundbreaking move to foster entrepreneurship and economic growth. Nevertheless, a closer examination reveals an intricate array of challenges that pose a significant threat to the realization of its potential advantages. Some of the challenges associated with One Person Company include:

Potential for Abuse

One of the significant challenges facing One Person Company in Nigeria is their potential for abuse, which stems from the concentration of power and control in a single individual, creating an environment where unethical or illegal activities can thrive without fear of detection or consequences. This lack of accountability and absence of checks and balances can lead to financial mismanagement, embezzlement, and conflicts of interest, where personal interests supersede the company's well-being. Furthermore, One Person Company may be used to conceal income, assets or transactions, depriving governments of revenue through tax evasion and avoidance, and their opaque nature makes them vulnerable to fraudulent activities, such as money laundering, ponzi schemes, and fake investment opportunities.

Lack of Business Experience

Another significant challenge faced by individuals entering the world of One Person Company is a lack of business experience. Many sole proprietors opt for this structure without prior experience in running a business, which can lead to poor decision-making, inadequate planning and ineffective management. Without a solid foundation in entrepreneurship, individuals operating one person company may struggle to make informed decisions, mange

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[36] Small and Medium Enterprises Agency of Nigeria

[37]Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), 'NBS–SMEDAN National Survey of Micro, Small and Medium Enterprises (MSMEs)' accessed 10 August 2024,http://www.smedan.gov.ng/images/PDF/NATIONALPOLICY-ON-MSMEsNew.pdf>;E I John and W E Ebiri,, 'Small and Medium Scale Enterprises (SMEs) and Economic Growth in Nigeria', (2021) 2 (1) *Journal of Business Management*, 39.

[38]FN Udechukwu, 'Survey of Small and Medium Scale Industries and other Potentials in Nigeria,' in Central Bank of Nigeria Seminar Proceedings on Small and Medium Scale Industries Equity Investments Scheme (SMIEIS), 2003, CBN Training Centre, Lagos

[39]O Alile, 'Unsung Heroes: SMEs as Backbone of the Nigerian Economy', <https://businessday.ng/columnist/article/unsung-heroessmes-as-backbone-of-the-nigerian-economy/> accessed 10 August 2024.

[40]H Kaur, *Contemporary Company Law Reforms in India,' in Handbook of Corporate Law*, (London: Routledge: 2017) 212.

risks, adapt to changing market conditions, navigate complex financial, legal and regulatory requirements, develop and implement successful business strategies. The absence of diverse perspectives and expertise can also hinder innovation, creativity and problem-solving. Relying on trial and error can lead to costly mistakes and missed opportunities, ultimately threatening the success and sustainability of the business.

Lack of Structured Statutorily Framework for the Practice and Procedure of One Person Company

The lack of a structured statutory framework for the practice and procedure of One Person Company in Nigeria poses significant challenges. Despite the introduction of One Person Company in CAMA 2020, the regulatory framework is incomplete, leading to uncertainty and ambiguity. This ambiguity may result in inconsistent application of laws and regulations, making it difficult for owners, regulatory bodies and stakeholders to navigate the business landscape. The absence of clear guidelines and definitions for One Person Company increases the risk of abuse, misuse and fraudulent activities. Unlike in India and the Uk, Nigeria's regulatory environment for One Person Company lacks clarity and structure, as the Companies Act 2013 in India clearly defines One Person Company.[41] Moreover, only a natural person who is an India citizen and resident in India can incorporate a One person Company, with no person allowed to incorporate more than single One Person Company or become a nominee in more than one such company.[42] It means that other legal entities like companies or societies or other corporate entities cannot form a one person company in India.

Regulatory Gaps in Company Conversion and Share Capital Increase

Nigeria's regulatory framework poses an additional challenge, as it lacks provisions for converting a One Person Company or reregistering a multiple-member company as a One Person Company. Instead, section 18(2) of CAMA 2020 only allows one person to form and incorporate a private company, without addressing conversion from a multi-member structure to a One Person Company. Moreover, section 571(c) stipulates that a company may be wound up if the number of members falls below two, implying that conversion to a One Person Company is not permitted and may even be a ground for winding up. This restrictive interpretation contradicts the objective of CAMA 2020 to ease doing business in Nigeria, as it denies multiple-member companies the flexibility to convert to a one person company structure, thereby limiting their ability to adapt to changing business needs.

Additionally, the inability to convert to a one person company structure under CAMA 2020 may have far-reaching consequences for small and medium-scale businesses incorporated before the law came into effect. Many of these businesses were founded by sole entrepreneur who was compelled to partner with others solely to meet the regulatory requirements, leading to potentially unstable relationships. In some cases, these forced partnerships have resulted in severed misunderstandings between members, ultimately harming the company. Prohibiting these companies from converting to a One Person Company structure, and even worse, making such conversion a ground for winding up, is not an ideal solution. In fact, the Supreme Court has cautioned against hastily terminating a company's existence, emphasizing the need for care and utmost caution in such proceedings.[43]

Furthermore, the gaps in the regulatory framework also create challenges for One Person Company in terms of cessation, winding up and dissolution. Unlike in India, where the Companies Incorporation Rules 2014 provide clear conditions for when a One Person Company may cease to operate as such, Nigeria's CAMA 2020 lacks specific provisions for these processes.[44] Additionally, CAMA does not provide procedures for share capital increase in One Person Company. Section 127 of CAMA 2020, which governs share capital increase, is geared towards companies with multiple shareholders, leaving a critical question unanswered on how can One Person Company increase its share capital? This oversight highlights the need for clarification and expansion of the regulatory framework to address the unique needs of One Person Company.

Uncertainty in Succession upon Death or Incapacitation of Sole Shareholder

One person company faces significant succession planning challenges due to the lack of clear provisions in CAMA 2020. Specifically, the law does not address what happens when the sole shareholder and director passes away or becomes incapacitated. While the shares may be transmitted to the legal representative, it is essential to have a clear mechanism for appointing a nominee to take over the company. Ideally, CAMA 2020 should be amended to require one person company member to name a nominee in the memorandum of association, subject to the same eligibility conditions and consent requirements. This nominee would assume ownership of the shares, dividends, rights and liabilities in the event of the original shareholder's death or incapacitation, ensuring continuity and minimizing uncertainty.

[41]S 2(62) of the Indian Companies Act, 2013 defines One Person Company as a company which has only one person as its member.

[42] Rule 3 of the Companies (Incorporation) Rules, 2014.

[43] *Air Via Ltd v Oriental Airlines Ltd* (2004) LPELR-272 (SC).

[44]Rule 6 of the Companies (Incorporation) Rules, 2014. Provides to the effect that where the paid-up share capital of a One Person company exceeds fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees, it shall cease to be entitled to continue as a One Person Company.

Limited Access to Finance

The growth, expansion and sustainability of One Person Company in Nigeria are severely hindered by limited access to finance, which is essential for investing in new opportunities. The perceived high risk associated with lending to One Person Company, coupled with their lack of collateral and inadequate financial reporting, makes it challenging for them to secure loans from financial institutions. This in turn, limits their ability to establish credible relationships with lenders, further constraining their access to finance. As a result, One Person Company face constrained growth and expansion, reduced competitiveness, inability to invest in technologies, reduced ability to respond to financial shocks and increased vulnerability to business failure. In summary, the challenges of One Person Company include potential for abuse, lack of structured framework, succession planning issues, limited access to finance and regulatory hurdles. These challenges underscore the need for careful consideration and strategic planning to ensure the success and sustainability of One Person Company in Nigeria.

7. Conclusion and Recommendations

The introduction of One Person Company in the Nigeria's legal system is a positive step towards promoting entrepreneurship, economic growth and a more accessible business environment, particularly for sole entrepreneurs, but concerns regarding its challenges need to be addressed to fully realize its benefits. To achieve this, the researchers recommend developing a comprehensive and robust regulatory framework to govern One Person Company, raising public awareness about the benefits and implications of One Person Company. This framework would promote informed decision-making. The researchers further recommend establishing oversight mechanisms to monitor One Person Company and prevent abuse, regularly reviewing and updating the company's structure, governance and operations to ensure alignment with changing business needs. By implementing these measures, Nigeria can promote entrepreneurship, economic growth and a more accessible business environment, while minimizing the potential risks associated with One Person Company.