

**ADMINISTRATION OF COMPANIES BY COURT-APPOINTED
ADMINISTRATOR UNDER THE COMPANIES AND ALLIED
MATTERS ACT, 2020**

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Abstract

The Companies and Allied Matters Act 2020 (CAMA 2020) introduced administration as Nigeria’s principal corporate rescue mechanism. This article provides a detailed doctrinal analysis of administration by court-appointed administrator, focusing on the statutory thresholds under sections 444 and 449, the scope of the moratorium in section 480, the displacement of directors under section 501, and the accountability structure under sections 500 and 511. It situates Nigeria’s regime within comparative United Kingdom insolvency jurisprudence under the Insolvency Act 1986 and argues that the development of rescue-oriented judicial interpretation by the Federal High Court will determine whether administration becomes a transformative restructuring tool or remains under-utilised. The article concludes that disciplined evidentiary standards, purposive statutory interpretation and doctrinal clarity are essential to embedding rescue culture in Nigeria’s insolvency system.

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1.0 INTRODUCTION

The enactment of the Companies and Allied Matters Act 2020 represented the most substantial change in Nigerian corporate insolvency law in thirty years.¹ Chapter 18 established administration, a systematic corporate rescue process aimed at maintaining enterprise value and avoiding disputes with creditors.

Under the Companies and Allied Matters Act 1990, insolvency practice focused mainly on winding up and receivership. Receivership, particularly through the enforcement of floating charges, favoured secured creditors and often led to fragmented asset realisation. Liquidation often ended economically viable businesses. CAMA 2020 signals a clear policy shift towards a rescue-oriented insolvency framework.

Administration can begin in three ways: (i) by a court order; (ii) by the holder of a qualifying floating charge; or (iii) by the company or its directors outside of court.² This article concentrates on court-appointed administrator, as this method creates the doctrinal framework through judicial review and established case law.

¹ Companies and Allied Matters Act 2020 (Nigeria) ch 18

² CAMA 2020 s 443(1).

2.0 THE STATUTORY STRUCTURE OF COURT-APPOINTED ADMINISTRATOR

2.1 Definition and Legal Consequence

An ‘administration order’ is an order appointing a person as administrator of a company.³ Although the definition is brief, its legal implications are broad. Once appointed:

- i. The administrator takes over the company’s affairs, business, and property;⁴
- ii. Directors can only exercise their powers with the administrator’s consent;⁵
- iii. A statutory moratorium is activated.⁶

The company enters a collective insolvency regime governed by Chapter 18 of CAMA. The Federal High Court has jurisdiction under section 251(1)(e) of the 1999 Constitution of Nigeria (as amended), granting it exclusive authority over company matters.⁷

3. THRESHOLD CONDITIONS UNDER SECTION 449

Section 449 states that the court can issue an administration order if it is convinced that: (a) the company is currently unable or is likely to become unable to pay its debts; and (b) Issuing the order is likely to fulfill the objectives of administration. Both conditions must be met.⁸

³ CAMA 2020 s 448.

⁴ CAMA 2020 s 501(1).

⁵ *ibid*

⁶ CAMA 2020 s 480(2)-(4).

⁷ Constitution of the Federal Republic of Nigeria 1999 (as amended) s 251(1)(e).

⁸ CAMA 2020 s 449(a)–(b).

3.1 Inability to Pay Debts: Present or Prospective Insolvency

Section 449(a) includes a proactive insolvency evaluation. The term ‘likely to become unable’ allows for early intervention.

Although CAMA does not duplicate the detailed statutory demand process described here, proof of insolvency must be provided with credible financial evidence. This includes liquidity shortages, unpaid creditor demands, upcoming debt maturities, or cash flow forecasts showing likely failure.

By contrast, UK courts interpreting the parallel requirement under Schedule B1 of the Insolvency Act 1986 have required evidence of a real insolvency risk rather than speculative apprehension.⁹ Nigerian courts are likely to adopt a similarly pragmatic evidentiary approach.

3.2 “Likely to Achieve the Purpose of Administration”: The Purposive Filter

Section 449(b) is decisive in principle. The court must be satisfied that administration is likely to achieve the statutory purpose.

In *Re Harris Simons Construction Ltd*, Hoffmann J stated that administration should be granted only if there is a genuine chance of fulfilling its statutory purpose.¹⁰ Simply delaying liquidation is not enough. Nigerian courts ought to dismiss applications that rely only on vague claims of ‘ongoing negotiations’ without supporting documentary evidence. The burden of proof for such claims clearly rests on the applicant.

4. THE HIERARCHICAL OBJECTIVES UNDER CAMA

CAMA establishes a three-tier hierarchy:

⁹ Insolvency Act 1986 (UK) sch B1 para 11; see also *Re Harris Simons Construction Ltd* [1989] 1 WLR 368 (Ch).

¹⁰ *Re Harris Simons Construction Ltd* [1989] 1 WLR 368 (Ch) 372–373.

- i. Rescuing the company as a going concern;
- ii. Achieving a better result for creditors as a whole than would likely be achieved in liquidation;
- iii. Realising property to make a distribution to secured or preferential creditors.¹¹

This hierarchy is mandatory and sequential.

4.1 Rescue as Primary Objective

The primacy of going-concern rescue reflects modern insolvency philosophy. It preserves employment, commercial relationships, and economic value.

Rescue may occur through refinancing, asset sales as a going concern, debt restructuring, or a company voluntary arrangement.

4.2 Comparative Valuation under the Second Objective

When survival is impracticable, administration must deliver a superior outcome compared with liquidation. This introduces comparative valuation analysis.

In *Re T&D Industries PLC*, the English Court of Appeal emphasised that administrators must demonstrate that administration would produce a better result than winding up.¹² Nigerian courts should apply similar analytical rigour.

¹¹ CAMA 2020 s 444(1)(a)–(c).

¹²*Re T&D Industries plc* [2000] 1 WLR 646 (CA).

4.3 Realisation as Residual Objective

The third objective prevents misuse of administration as a disguised receivership. Only where rescue and improved outcomes are impracticable may property be realised primarily for secured or preferential creditors. These balances secured creditors' rights while preserving the fairness of collective insolvency.

5. THE MORATORIUM UNDER SECTION 480: SCOPE AND JUDICIAL CONTROL

Section 480 constitutes the structural core of administration. It states that no action to secure the company's property can be taken without the administrator's consent or court approval.¹³

The section also states that no legal process, such as proceedings, execution, or other actions, can be initiated or continued without prior consent or permission.¹⁴

5.1 Jurisdictional Implications

The interaction between section 480 and section 251(1)(e) of the Constitution suggests that leave applications concerning companies in administration should be made to the Federal High Court.¹⁵

Expert commentary on litigation involving companies in administration has highlighted disputes over leave jurisdiction.¹⁶ Clarification from the appellate courts will be crucial.

¹³ CAMA 2020 s 480(2)(a).

¹⁴ CAMA 2020 s 480(4)

¹⁵ Constitution (n 7) s 251(1)(e).

¹⁶ SimmonsCooper Partners, 'Commencing an Action Against Companies Under Administration' (2024) Mondaq. <https://www.mondaq.com/nigeria/securities/1472932/part-ii-commencing-an-action->

5.2 Comparative Authority

In *Bristol Airport PLC v. Powdrill*, the Court of Appeal took a broad view of the scope of administration protection to align with rescue goals.¹⁷

Likewise, in *Re Atlantic Computer Systems PLC*, the Court of Appeal set out principles for granting leave to proceed against companies in administration, highlighting the need to balance creditor interests with the likelihood of rescue.¹⁸ Nigerian courts may draw persuasive guidance from these authorities.

6. DIRECTOR DISPLACEMENT AND GOVERNANCE REALIGNMENT

The law provides that a person may not exercise management powers over a company in administration without the administrator's consent.¹⁹

Directors remain in office but are functionally displaced.

In *Re Atlantic Computer Systems PLC*, the English Court of Appeal confirmed that directors stay in office, but management authority shifts to the administrator.²⁰ Nigerian courts should consider adopting a similar approach.

[against-companies-under-administration-a-review-of-united-capital-trustees-limited-v-nigerian-international-securities-limited-4-ors](#) accessed 2 February 2026

¹⁷ [1990] Ch 744 (CA).

¹⁸ [1992] Ch 505 (CA).

¹⁹ CAMA 2020 s 501(1).

²⁰ *Re Atlantic Computer Systems plc* (n 18).

7. ADMINISTRATOR ACCOUNTABILITY AND JUDICIAL SUPERVISION

The administrator is empowered to apply to the court for directions,²¹ and creditors or members are permitted to challenge the administrator's conduct where unfair harm arises, or functions are not performed efficiently.²²

These provisions ensure that administration remains under supervision rather than being absolute. Judicial oversight extends beyond mere entry; it influences the entire process.

8. SECURED CREDITOR TENSION AND CONSTITUTIONAL CONSIDERATIONS

Administration recalibrates secured creditor enforcement. The Constitution safeguards against the compulsory seizure of property, but the moratorium is a regulatory measure rather than expropriation.²³ Insolvency law functions as a collective enforcement tool, not a confiscatory system. Comparative jurisprudence under the Insolvency Act 1986 reinforces this regulatory classification.²⁴

Effective administration requires:

- i. Competent practitioners;
- ii. Commercially literate judiciary;
- iii. Creditor cooperation;
- iv. Consistent procedural guidance.

Without these, the administration risks underutilisation.

²¹ CAMA 2020 s 500.

²² CAMA 2020 s 511(1)-(3).

²³ Constitution (n 7) s 44.

²⁴ Insolvency Act 1986 (UK) sch B1.

9. NORMATIVE EVALUATION: ADMINISTRATION AS STRUCTURAL MODERNISATION

Administration signifies the modernisation of Nigeria's insolvency framework. It reduces the anti-commons issue, consolidates authority with neutral professionals, and restores balance to secured creditors' influence.

The success depends upon:

- i. Rigorous application of section 449 thresholds;
- ii. Strict adherence to the section 444 hierarchy;
- iii. Clear interpretation of moratorium;
- iv. Transparent administrator accountability.
- v. The Federal High Court occupies a central jurisprudential role.

10. EMERGING NIGERIAN JUDICIAL SIGNALS ON ADMINISTRATION AND THE MORATORIUM

10.1 *United Capital Trustees Ltd v Nigerian International Securities Ltd & Ors*: Moratorium, jurisdiction, and abuse of process

A notable early judicial indication of Nigeria's emphasis on proper administration procedures is reflected in the Federal High Court's handling of cases involving companies already under administration. In Suit No FHC/L/CS/2219/2022, *United Capital Trustees Limited v Nigerian International Securities Limited & 4 Others*,²⁵ the court addressed an originating summons focused on debt recovery and associated protections, including freezing orders and the appointment of a receiver or manager.

²⁵ SimmonsCooper Partners, 'Part I - Commencing an Action Against Companies under Administration - A Review of *United Capital Trustees Limited v Nigerian International Securities Ltd & 4 Ors*' <https://resource.scp-law.com/wp-content/uploads/2025/11/SCP-Article-Part-I-Commencing-an-Action-Against-Companies-under-Administration.pdf> 1-3.

The defendants contended that the proceedings were invalid because the relevant corporate defendants were already under administration following an earlier Federal High Court order. They further argued that section 480(4) of CAMA 2020 prohibited starting or continuing legal actions without the administrator's approval or the sanction of the "administration court." The court's reasoning in this case is noteworthy in three key doctrinal aspects.²⁶ Initially, the court held that failing to disclose ongoing administration rendered the interim protective relief invalid, concluding that the freezing order was secured by misrepresentation and the withholding of key facts.²⁷ This reflects a growing trend in Nigerian legal practice: in administrative cases, courts are expected to demand honesty and transparency, given the collective goals of the process and the broad impact of moratorium relief.

Secondly, the court's approach supports the administration's role as a collective insolvency gateway: once administration begins, claimants cannot pursue ordinary recovery litigation on their own; instead, they must pass through the statutory "consent/permission"²⁸ This helps prevent creditor race dynamics, which the administration aims to curb.

Thirdly, the case note underscores the court's strong stance against exploiting abuse of process to unlawfully extend corporate receivership protections to the personal assets of individual defendants.²⁹ This goes beyond mere procedural formality; it serves as an essential safeguard

²⁶ Companies and Allied Matters Act 2020 (Nigeria) s 480(4).

²⁷ SimmonsCooper Partners (n 25)

²⁸ *ibid*

²⁹ *ibid*

against the reemergence of enforcement tactics, enabled by creative pleadings, that the administration seeks to block.

The case's most significant doctrinal contribution lies in the court's jurisdictional and procedural discipline, which views administration as a specialised insolvency process that affects forum choice, interim relief, and the order of claims.³⁰

10.2 “Rescue-purpose primacy” as an interpretive anchor

A second emerging trend concerns the judiciary's focus on the purpose of administration. In a legal briefing analysing corporate rescue under CAMA 2020, the authors note that the Federal High Court emphasised that the main goal of the administration process is corporate rescue.³¹ They also highlighted that all actions taken during administration should support this objective, underscoring the administrator's duty to preserve the business.³² Although the full judgment is not yet readily available via mainstream law reporting portals, the reported emphasis aligns with the structure of section 444(1): administration is not merely a neutral holding process but a purposive rescue tool.³³ As Nigerian jurisprudence progresses, this focus on 'rescue-purpose primacy' is likely to serve as a key interpretive principle in disputes regarding:

- i. whether particular enforcement steps should be permitted notwithstanding the moratorium;

³⁰ Greychapel Legal, 'Corporate Rescue Under CAMA 2020: A Critical and Comparative Analysis of the Administration Framework' (Greynsight, October 2025) 3 (referencing *Mr Okorie Ezenwa Andrew v Emerald Leasing Limited* (Suit No FHC/L/CS/2446/2023) and stressing rescue-alignment in administration).

³¹ *Mr Okorie Ezenwa Andrew v Emerald Leasing Limited* (Suit No FHC/L/CS/2446/2023)

³² *Ibid*

³³ Companies and Allied Matters Act 2020 (Nigeria) s 444(1)(a)–(c).

- ii. whether administrators' choices satisfy the statutory objective hierarchy; and
- iii. whether stakeholder applications constitute illegitimate attempts to weaponise administration for delay or leverage.

The UK example is straightforward: courts often apply the statutory purpose hierarchy to inform proportionality and discretion in cases involving moratorium leave and administrator conduct. Nigeria seems to be following a similar path, grounding discretion in the law's rescue aim rather than in liquidation-era instincts.³⁴

11. EMPIRICAL AND PRACTICAL CASE STUDY: *ACCOR AFRIQUE SA V THE MOORHOUSE COMPANY LTD* AND NIGERIA'S FIRST COURT-ORDERED ADMINISTRATION

11.1 Background, entry into administration, and procedural architecture

Nigeria's first well-documented court-ordered administration is The Moorhouse Company Limited. It began with an interlocutory administration order on 22 July 2022, issued by the Federal High Court in Lagos (Justice D E Osiagor), in the case *Accor Afrique v The Moorhouse Company Limited*.³⁵ The practitioner's account notes that the order appointed Bidemi Daniel Olumide as administrator, marking Nigeria's first

³⁴ *Re Atlantic Computer Systems plc* [1992] Ch 505 (CA) (leave/discretion framework in administration), as comparative guidance

³⁵ Lawyard, 'Notice of Creditors' Meeting: The Moorhouse Company Ltd (in Administration) RC271940' (9 June 2023) (noting interlocutory administration order of 22 July 2022 by Justice D E Osiagor; Suit No FHC/L/CS/1039/22; and statutory/Regulatory basis).

practical administration under CAMA 2020 and the Insolvency Regulations 2022.³⁶

Empirically, Moorhouse is important because it illustrates how administration functions within Nigerian commercial practices: managing timelines, verifying creditors, developing proposals, issues with shareholder cooperation, and court-facilitated sale processes.

11.2 Proposal governance, creditor meetings, and creditor-committee dynamics

A key part of administration involves the administrator presenting proposals and engaging in discussions with the creditors. For Moorhouse, a Statement of Proposal dated 17 October 2022 was reviewed at an initial creditors' meeting on 20 October 2022.³⁷ The process was complicated, as indicated in the public notice, due to shareholders' inaction or lack of cooperation. This underscores a common challenge in managing closely held Nigerian companies: the success of rescue efforts often depends on shareholder behaviour, even when creditors are willing to restructure.

By June 2023, the administrator held another creditors' meeting (hybrid of in-person and virtual) to discuss a new plan based on direct purchase offers for the company's main asset, the Moorhouse Hotel. The goal was to settle verified debts and administration costs, with a creditors' committee proposed (including Providus Bank, AMCON, and Accor Afrique SA)

³⁶ AO2Law, 'Lessons Learnt from Nigeria's First Court-Ordered Administration: The Moorhouse Company Limited – Pt 1' (29 May 2024) (describing first administration; order dated 22 July 2022; appointment of Bidemi Daniel Olumide; *Accor Afrique v The Moorhouse Company Limited*).

³⁷ Lawyard (n 35) (referencing administrator proposal dated 17 October 2022 and initial meeting context); see also Lawyard, 'Notice of Creditors' Meeting...' (agenda referencing failure of proposal dated 17 October 2022 and ICM of 20 October 2022).

representing a significant share of the proven debts.³⁸ The notice is noteworthy for two reasons:

- i. It reflects the administration’s tendency to evolve from “rescue-by-operations” to “rescue-by-sale”, where operational revival is unrealistic within statutory timelines; and
- ii. It underscores the need for court-sanctioned sale processes to provide title security and reduce post-sale litigation risk, an especially important concern in Nigerian commercial transactions.

From a governance perspective, the committee model functions as a transplant of creditor-control principles commonly used in UK practice, tailored to Nigeria’s specific creditor-concentration circumstances.

11.3 Outcome and “exit”: payment of creditors and restoration of management

A subsequent public report indicates that on December 8, 2023, the Federal High Court issued a judgment in the Moorhouse administration, ordering the payment of 105 outstanding creditors by December 31, 2023. It noted that the company’s debts are close to USD \$3 million.³⁹ The report also mentions that once compliance was achieved, the administrator’s responsibilities were fulfilled, and the company’s directors and shareholders were reinstated to their managerial roles.

Two empirical lessons matter for doctrine and policy.

First, Moorhouse demonstrates that Nigerian administration can serve as a time-limited collective settlement process, leading to a structured “return to control”, a viable alternative to liquidation in a system traditionally characterised by terminal procedures.

³⁸ Lawyard (n 35)

³⁹ Lawyard (n 35)

Secondly, the episode highlights that administration can succeed even if rescue-as-going-concern is unsuccessful, as long as the process achieves the second goal specified in section 444(1)(b): securing a better outcome for creditors than liquidation, often by means of a controlled sale and orderly distribution.⁴⁰

11.4 Practical implications for future Nigerian administration practice

The Moorhouse experience suggests practical best practices for Nigerian counsel and courts:

- i. Evidence of discipline at entry: insolvency and “likely to achieve” must be supported by credible, documented restructuring logic.
- ii. Clear communication with stakeholders, including creditor notices and well-defined proposals, is vital for maintaining legitimacy.
- iii. Court involvement in material dispositions: court-approved sale pathways help minimise post-sale title disputes and bolster investor confidence.
- iv. Nigeria might require more explicit enforcement tools, such as sanctions or directives, to address strategic obstruction when creditors agree on value-preserving solutions.

12.0 CONCLUSION

In summary, the implementation of the administration framework under CAMA 2020 represents a pivotal change in Nigeria's approach to corporate restructuring. For this mechanism to reach its full potential as a transformative tool, it is imperative that Nigerian courts, especially the Federal High Court, embrace a rescue-oriented mindset in their

⁴⁰ Lawyard, ‘Insolvency – Nigeria’s First Company in Administration Set to Pay 105 Outstanding Creditors’ (15 December 2023) (reporting FHC judgment of 8 December 2023, payment of 105 creditors by 31 December 2023, and debt figure).

interpretations. This involves applying stringent evidentiary standards in assessing administration applications, ensuring a careful balance between the interests of creditors and the possibility of business recovery.

Judges should purposefully interpret the provisions of CAMA 2020, drawing on lessons from the UK's Insolvency Act 1986 to cultivate a genuine culture of rescue within Nigeria. Furthermore, establishing clear guidelines regarding the displacement of directors and the accountability of administrators, as specified in sections 500, 501, and 511, will enhance the effectiveness of practitioners and instill confidence among stakeholders in the process.

Adjustments to the legislation, such as aligning the moratorium protections outlined in section 480 with international best practices, could maximize the positive outcomes of these rescue efforts. By taking these steps, administration can serve as a vital instrument for preserving viable businesses in Nigeria, ultimately benefiting stakeholders, employees, and the economy at large. The effectiveness of this shift will largely depend on how courts and practitioners implement the new framework. Thus, prioritizing judicial interpretation and clarifying practitioner roles will be instrumental in advancing the success of administration in Nigeria.